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# ***Daily Report***

## ***Supplement***

# **China**

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FBIS-CHI-90-047-S

Friday

9 March 1990

# China SUPPLEMENT

FBIS-CHI-90-047-S

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## General

### Analysis Views 'Beyond-Containment Strategy'

OW0703122890 Beijing GUOJI WENTI YANJIU  
in Chinese No 1, 13 Jan 90 pp 30-35

[Article by Pan Tongwen (3832 0681 2429): "An Initial Analysis of Beyond-Containment Strategy"]

[Text] [Begin summary] The basic idea of the beyond-containment strategy is: While containing Soviet expansionism, the United States should seize the opportunity presented by Soviet reform, employ various means, and particularly use economic aid as the bait to goad the Soviet Union to change and eventually integrate into the Western framework.

The characteristics of the beyond-containment strategy are: It does not completely give up containment; rather, it is more offensive and with strings attached.

The implementation of this strategy depends on, on one hand, the national strength of the United States and the coordination of Western Europe and, on the other hand, to what extent the Soviet Union will tolerate it and restrain itself. [end summary]

U.S.-Soviet relations are the top priority of the Bush administration's foreign policy. The Bush administration immediately started a comprehensive review of U.S. policy toward the Soviet Union following its inauguration last January to explore the opportunity presented to the United States by Gorbachev's "new thinking" and ponder ways to exploit this opportunity from the "angle of establishing more lasting U.S.-Soviet relations." On the basis of this review, Bush delivered a speech on policy toward the Soviet Union at Texas A&M University on 12 May, put forward a new strategy of moving beyond containment, and indicated that this will be U.S. policy toward the Soviet Union for the entire 1990s. A senior official of the Bush administration's National Security Council said that the beyond-containment strategy represents a "positive response to Soviet reforms and a complete change in concept with regard to the post-war U.S. policy toward the Soviet Union." Scowcroft, Bush's national security adviser, said that Bush put forward the beyond-containment strategy in order to "bring people's attention to the possibility of turning the post-war mutual containment into cooperation with the Soviet Union."

Bush's Texas speech was his first relatively comprehensive speech on policy toward the Soviet Union since coming into office. Its basic points are: The containment policy has been effective; now it is time to move beyond containment, to a new policy for the 1990s. The goals of beyond-containment are far greater than merely containing Soviet expansionism. It seeks the integration of the Soviet Union into the community of nations. The United States wishes that reform in the Soviet Union will lead it to completely break itself with its past. The West should encourage the Soviet Union to make

headway towards greater openness and democratization, introduce political pluralism, and respect human rights. If the Soviet Union enacts a new immigration law, the United States will grant it most favored nation status. The Soviet Union possesses formidable military strength. The United States must remain strong to prevent Soviet expansionism.

From the above, it is not difficult to see that the basic idea of the beyond-containment strategy is: While maintaining its military strength to contain Soviet expansionism, the United States should seize the opportunity presented by the Soviet reform, utilize its existing advantages, employ economic, political, cultural and ideological means, and, in particular, use economic aid as the bait to goad the Soviet Union to develop in the direction of "political pluralism and free market economy" and eventually integrate the Soviet Union into the Western political and economic framework.

After the Texas speech, Bush again gave speeches in May on foreign policy at Boston University, the U.S. Coast Guard Academy in Connecticut, and in Mainz of Federal Republic of Germany. This further elaborated on the beyond-containment strategy. From these speeches, we can see the following characteristics in the beyond-containment strategy.

(1) The beyond-containment strategy does not completely abandon containment; rather, it is a continuation and development of the containment strategy.

Bush highly endorses the containment policy. He stresses: It is specifically the "wisdom" of the containment policy that made the USSR divert its attention inward and ease its outward expansion. The reason why the containment policy is effective is primarily because the United States and the West have always maintained powerful military strength. The United States must therefore continue to remain strong and continue to deal with the USSR from a position of strength. He often said that he felt uneasy because of the "awesome" military strength of the USSR and the Warsaw Pact states. He said that Gorbachev's perestroika and glasnost have provided "historic opportunities" for the improvement of U.S.-Soviet relations. He also said that Gorbachev's new thinking "has yet to totally defeat the old thinking," that Soviet perestroika is "still incomplete," and that he was not sure how long Gorbachev could maintain power and whether his successor would return to the old path of confrontation, and so the United States must be prepared. Bush said that "we hope we can go beyond the containment stage, but now we are only at the start of the new course. There are still many dangers and unpredictable factors ahead." Such caution and worries that Bush expressed when he presented the beyond-containment strategy show that he has apparently not fully forsaken the containment idea.

## **(2) The Beyond-Containment Strategy Is Even More Offensive**

The main purpose of U.S. containment policy in the past 40 years was to control and contain the USSR's influence or, as the Reagan administration attempted, to "roll back" the expansion the USSR carried out. The "peripheral war" the United States fought was primarily one for the Third World and one to prevent more countries from falling into the sphere of influence of the USSR. The beyond-containment strategy, on the other hand, is aimed directly at the USSR and its sphere of influence. The purpose is to "assimilate" the USSR by fighting a "psychological war." While the tactics employed by the containment policy were military and the tough measures it underscored resulted in tense confrontation, the major tactics employed by the beyond-containment policy are nonmilitary and the soft measures it underscores are even more offensive, even though they are relatively inconspicuous. It seems that the true meaning of the policy can be observed from Bush's own remarks that the goal of the beyond-containment policy is so "daring and ambitious" that all his predecessors could not have imagined it. The interpretation made by one American scholar who said that the beyond-containment strategy is "a genuine liberation policy" is even more pertinent.

## **(3) The Current Actual Situation Shows That the Implementation of the Beyond-Containment Strategy Is Conditional. Trying To Take Advantage of Soviet Perestroika, It Tries To Employ Soft and Tough Measures To Force the USSR To Compromise and Concede.**

Bush aides have clearly stated that the beyond-containment strategy will be implemented gradually, based entirely on the USSR's reciprocity. This is tantamount to asking the USSR to compromise with and concede to U.S. demands and pay the price for the strategy. Bush pointed out that he hoped that the USSR's perestroika "will lead the USSR to break completely with the past" and resort to actual deeds to indicate its "intention to reconcile with the world." Bush also urged the USSR to take active steps to "cooperate with the United States" in five respects: Reducing the USSR's military strength, supporting the self-determination of East European countries, making earnest efforts to settle regional conflicts, achieving long-lasting political pluralism and respecting human rights, and working with the United States to deal with such global problems as international drug trafficking and protecting the world environment. These involve all phases of U.S.-Soviet relations, including certain issues which are strictly the USSR's internal affairs. The fact that Bush has raised these issues shows that the implementation of the beyond-containment strategy is not unconditional. Soviet Foreign Affairs Minister Shervardnadze was very upset about this. Answering a question raised by a PRAVDA reporter on 20 May, he said: I was shocked by the tone of remarks Bush made on 12 May. His remarks

had the "smack of a certain outmoded ideology and certain areas were pedantic."

The strategy that goes beyond containment was presented against a background involving many factors.

## **(1) It Is the Product of U.S.-Soviet Detente**

The relaxation of U.S.-Soviet relations began in 1985 and the relaxation became apparent in 1988. The two countries not only officially signed an accord of destroying intermediate-range missiles, but also substantially improved their relations in other areas. Following the improvement of U.S.-Soviet relations, the cold war, which had gone on for more than 40 years, was about to end. Under such circumstances, the media, virtually all influential decision research organs, and many people in political circles in the United States demanded that the U.S. Government readjust its foreign policy, especially its Soviet policy. Pointing out in its 2 April 1989 editorial that the cold war had ended and that "U.S.-Soviet relations had entered a new era," the NEW YORK TIMES urged the Bush administration to "make resolute efforts" and "take advantage of the unprecedented opportunities provided by Gorbachev's new thinking since 1945 to exercise active influence on the development of the Soviet situation." In the preface of the book, "Adjusting the U.S. Foreign Policy," published by the Brookings Institute, John Steinbruner, director of the institute's research of foreign policy, says that, owing to the relaxation of international relations, "the ideologies which have dominated American concepts and governed American policies for as long as two generations must be reformulated." He adds that "containing the expansion of the communist bloc is no longer the main issue of ensuring security." Even Kennan, a senior American diplomat who initiated the containment policy, called on the Bush administration to draw up a new policy toward the Soviet Union. Testifying at the Foreign Affairs Committee of the U.S. Senate on 4 April 1989, he stressed: "The time of regarding the USSR as the principal adversary of the West is apparently over." He adds that we should now consider the USSR as a big country like all other big countries. He said: "What the USSR is after and what the United States is after are not in serious conflict with each other," and they "are not something which cannot be resolved through compromise and other normal ways." In short, the upsurge of detente appearing in the first half of 1989 forced the Bush administration to adopt a new policy toward the USSR.

## **(2) It Is the Result of the Upper Hand the United States Has Gained During the Balance of U.S. and Soviet Strength**

While the United States was making great efforts to increase its military strength since the 1980's, the momentum of its economic growth was also gaining strength in late 1982. By the mid-1980's, the relatively unfavorable situation of the United States in the balance of U.S. and Soviet strength had changed to become a

favorable one, and this favorable situation became even more apparent during the latter part of the Reagan administration. Bush inherited this favorable situation Reagan left behind. Owing to the fact that Gorbachev has failed to achieve any fruitful results in his perestroika since 1989, the USSR's economic problems have been growing and problems of ethnic nationalities have never before been so acute. This situation, which has been exacerbated by the upheavals appearing during the course of reform in East Europe, has created an even more favorable situation for Bush. It was at this time that allegations such as "the Soviet Union is collapsing," "things are developing according to the Americans' wishes," and "communism is dying" were appearing in the United States. Pleased with this favorable situation in the balance of Soviet and U.S. strength, Bush said openly in a speech he gave at the Connecticut Coast Guard Institute that "precious opportunities that go beyond containment are before us" because the communists are having their "last chapter" of experiments, and because the United States and its allies are "unprecedentedly strong."

#### **(3) Changes in the United States on Sense of Security Push the Strategy Forward**

In recent years, changes are taking place among the people in the United States on their sense of security, because on the one hand, the Soviet Union is less menacing and, on the other hand, economic competitions are becoming fiercer in the world. Many people believe that the arms race and confrontation between the United States and the Soviet Union have added a heavy burden of military expenditure on the back of the United States, affected its economic development, and made it face serious economic competitions and challenges from Western Europe and Japan. Therefore, the people's perception of security issues is going beyond the containment of communism, and their worries about the military threat are gradually being replaced by their concern over economic threats. More important is the fact that at the end of 1989, a "new thinking" had also emerged among officials in the United States. People with such "new thinking" believe that the extra heavy burden of military expenditure and the heavy overseas obligations have weakened the economic foundation and the comprehensive development of the national strength of the United States. This situation must change. From now on, the United States must shift the focus of its security strategy to dealing with the fierce economic competition in the world. In an article carried by "NEWSWEEK" in early 1989, former Secretary of State Vance said: "Japan's nationalism is replacing the Red threat from the Soviet Union. The United States should try to find more common bases in dealing with the Soviet Union." It seems that these words, to a certain extent, reflect the views of the Bush administration. The "new thinking" of the U.S. Government regarding its security strategy and the emergence of the strategy of beyond containment are definitely related.

#### **(4) Western Europe's Positive Attitude Pushes the Strategy Forward**

Due to historical, cultural, and geographical reasons, there are some differences between West Europe and the United States in their attitude toward the Soviet Union and East Europe. The differences have become more apparent, particularly after Gorbachev launched a series of diplomatic offensives for peace against West Europe. West Europe has adopted an even more positive attitude toward the changes which take place in the Soviet Union and East Europe and hopes to develop its relations with the latter even more rapidly. During the past couple of years, there has also emerged an incipient sign of vying with one another and each going its own way in developing relations with the Soviet Union and East Europe against U.S. advice. West Europe has also continuously urged the U.S. Government to seize all opportunities to further promote East-West relations, putting great pressure on the United States. This pressure has become even stronger since Bush took office. In order to maintain U.S. leadership among its West European allies and coordinate with them, the Bush administration had to listen to some of the suggestions made by West Europe and adjust its policy toward the Soviet Union. It looks like there is a good reason to make public Bush's Texas speech before the convocation of the NATO summit meeting at the end of May. It is also reported that Bush had consulted with West European allies before he put forward the U.S. strategy of beyond containment. After Bush put forward his proposal of reducing conventional arms in Europe at the NATO summit, he once again put forward his four-point proposal for promoting the strategy of beyond containment in Europe in his speech delivered at Mainz of Federal Republic of Germany which was apparently given a warm welcome by the West European allies. It also looks like that this proposal is aimed at strengthening U.S. leadership over the West European allies and establishing closer relations between the United States and its West European allies.

The strategy of beyond containment put forward by Bush is described by an official of the U.S. Security Council as "a distant strategic target" and a plan of action with vague ideas which lacks specific contents and a goal that can be achieved. At that time, the U.S.-Soviet relations were at a standstill. The situation has greatly changed since this strategy was put forward. The U.S.-Soviet relations have obviously become closer and been further improved. The attitude adopted by the Bush administration toward Gorbachev has changed from one of suspicion and wait-and-see to one of active support. At the same time, Gorbachev's situation has become more difficult with sudden changes and upheavals taking place in East Europe. All this has gradually helped to fill up the strategy of beyond containment and make it more specific. In Bush's Texas speech on 12 May and his other important speeches of 16 and 23 October, we can realize that the strategy of beyond containment seeks to achieve the following goals at present:

### **(1) The Soviet Union is Demanded to Support East Europe in Achieving Self-Determination**

This is an important goal which the beyond-containment strategy seeks to achieve at present. Bush attaches great importance to East Europe, regarding it as "an area full of opportunities" to the West where "changes are of historical significance." Baker frankly admitted that Bush's policy toward East Europe is to unify Europe based on the concept of value of the West, and realize an "integrated and free" Europe by encouraging and supporting reform in East Europe and an "integrated and free Europe" importance of which exceeds arms control and disarmament," as put forward by Bush. Therefore, the Bush administration urged the Soviet Union to "give up Brezhnevism in a clear-cut manner," and support reform in East Europe, emphatically pointing out that this constitutes a touchstone for Gorbachev's "new thinking." The Bush administration said that it would strive to support the cause of reform in East Europe in a non-menacing way, and use economic aid to encourage countries to carry out reform in depth like Poland and Hungary, and that it would not use reform in East Europe to undermine the security of the Soviet Union. At the same time, it also asked the Soviet Union to exercise maximum restraint and tolerance. The tolerance and restraint of the Soviet Government have exceeded the expectations of the Bush administration. However, the Bush administration is not sure if there is any limit to such tolerance and restraint. It seems this was one of the major topics at the non-official Malta summit meeting between the United States and the Soviet Union. In his television speech recently made at Camp David, Bush said that he will try to secure Gorbachev's assurance for the continuous development of East Europe's reform program. East Europe is an important area to both the United States and the Soviet Union. However, it is also an extremely sensitive and explosive area. Right now this area is going through a most tumultuous period after the war. Both the United States and the Soviet Union do not wish to see a turn for the worse in the East-West relations because of a disorder in that area. Therefore, both sides will strive to find "common points on the basis of mutual benefits" and achieve some forms of understanding or tacit agreement.

(2) In order to concentrate its efforts on solving its domestic problems, the Soviet Union is willing to reach various agreements on arms control. It has already made some concessions in this regard. It seems that the Bush administration has already made use of the talks on arms control to weaken the Soviet military strength so as to reduce and eliminate Soviet military threat. Bush stressed that the Soviet Union should reduce the strength of its armed forces to a level only to meet its security needs—a level which will pose less threat. Baker believes that agreements on arms control may reduce Soviet national defense expenditure. By reaching agreements on arms control, the Soviet Union may get a considerable "peace bonus." Therefore, the United States may force the Soviet Union to conclude some agreements. At the U.S.-Soviet foreign ministers' meeting in Wyoming, the

Soviet Union already made some concessions, laying a foundation for the reduction of strategic nuclear arms and conventional weapons. The U.S. economic and financial situation also demands a reduction in U.S. military expenditure. It is possible that the United States and the Soviet Union may reach an agreement in this connection. Due to both sides' mutual needs and the international pressure, the United States and the Soviet Union may continue to make progress on the issue of disarmament, and both sides may maintain a military balance at the lowest possible level.

### **(3) The USSR Is Demanded to Cooperate with the United States in Settling Regional Disputes Throughout the World**

Regional conflicts are issues that make Bush think that Gorbachev's "new thinking" is still affected by many old policies. He has urged Gorbachev to make continuous efforts and "take positive and practical steps, not just lip service," to solve problems such as the "hot spots" in Central America and the Middle East, especially those in Central America. Testifying at the Senate Finance Committee on 4 October 1989, Baker said that Gorbachev needed a stable international environment, and therefore regional conflicts must be resolved, so that his country could focus its attention on internal reforms. Saying that the United States could give Gorbachev a helping hand, Baker added that the United States had "emphasized even more on working with the Soviet Union in resolving the dangerous regional conflicts all over the world." Furthermore, he added, U.S. and Soviet experts and ministers "have been constantly studying opportunities" for achieving peace and reconciliation on issues related to hot spots. However, he added, "we are disappointed with the continuous military support" the Soviets have been giving the conflicts in many regions. Apparently the Bush administration wants the USSR to make further compromise and concession on issues relevant to regional conflicts.

### **(4) The USSR Is Urged to Institute Lasting Political Pluralism and Respect Human Rights**

Bush attaches great importance to encouraging the USSR to establish an open, pluralistic society because, he says, "a pluralistic system can strengthen the groundwork for successful Soviet reform so that the results of reform will become more irreversible." Baker said that the U.S. Government could help the Soviet Union "to establish a more open society," and "turn the Soviet Union into a more cooperative country making ample contributions to the international community." Listing America's "concepts of nuclear values," namely democracy, self-determination, respect for individual rights and freedom, and economic freedom, he said he "welcomes the Soviet Union to stand by these concepts of value." Bush and Baker also urge the Soviet Union to continue to respect human rights, and they have indicated on many occasions that, if the Soviet Union promulgates and implements an immigration law which conforms to the international standards, the Bush



administration would work with the Congress to seek a temporary suspension of the Vanik-Warnock Amendment in an effort to pave the way for giving the USSR the most-favored-nation trade treatment.

#### **(5) The USSR Is Demanded to Carry Out Market Economic Reform**

Baker has clearly stated that, since the Soviet Union's economic reform "depends to a large extent on market prices," it must carry out price reform and institute a full-fledged market economy. He promised that the United States will provide the USSR technical assistance and American experiences so that the USSR can accomplish its economic reform. Greenspan, chairman of the U.S. Federal Reserve Board, recently visited the USSR for consultative purposes. During the meeting of U.S. and Soviet foreign affairs chiefs in Wyoming last September, both sides discussed Soviet economic reform and decided that such discussion would continue to be held as part of the work of the ad hoc group to discuss bilateral issues. The fact that issues strictly relevant to a country's internal affairs were discussed for the first time as issues of bilateral relations shows the eagerness of the United States to encourage the Soviet Union to institute market economy. Moreover, Baker has also stressed that the USSR's internal economic reform is a major prerequisite for promoting international economic contacts. The Bush administration has hinted that the United States might change its stand of opposing the Soviet membership in the World Bank, the International Monetary Fund, and the General Agreement on Tariffs and Trade, but that of course depends on the performance of the Soviet economic reform.

In addition to the five objectives mentioned above, demanding the USSR to join the United States to solve such global problems as international drug trafficking and protecting the world environment is also an objective of the beyond-containment strategy.

It should be pointed out that, in a way, Bush's beyond-containment strategy is also a strategy of the West toward the USSR because, to a great extent, the United States needs the support as well as the endorsement of its allies to implement this strategy. After coming up with this strategy on 12 May 1989, Bush, at the meeting of NATO heads of government in Brussels at the end of May, initiated a "common actions program" for handling relations with the USSR and East European countries. It was decided at the meeting that NATO will continue to promote its contacts with East European countries and continue to infiltrate into East Europe in areas of human rights and democracy so as to gradually change East Europe's political structure. Economically, NATO will take the opportunity provided by East European countries' reform to promote contacts with them and use economic means to bring East Europe's economic structure to the track of the West. The economic assistance that Bush promised to Poland and Hungary during his visits to those two countries last July eventually became a burden to be shared primarily by EEC

members. The Paris meeting of the heads of government of seven Western European countries in mid-July specially discussed East European issues and drew up the seven-nation strategy of promoting peaceful evolution in the USSR and East European countries. In their "Statement on Coordinated Actions in Rendering Economic Assistance to Poland and Hungary," the meeting stressed that the West will not let East Europe's economic difficulties jeopardize its political reform. It also decided that EEC should sponsor in several weeks a meeting to coordinate actions in assisting East Europe, and it reached a four-point agreement on supporting the economic reform in Poland and Hungary. Bush highly acclaimed the agreement. The fact that the United States and its allies have coordinated their steps in carrying out the beyond-containment strategy shows that the West has a common big objective. It also shows the inadequacy of U.S. strength, especially economic strength. Apparently the United States is totally unable to come up with a "Second Marshall Plan" to assist the USSR and East Europe. While coordination between the United States and its West European allies will help carry out the beyond-containment strategy, the policies of Western Europe and the United States toward the USSR and East Europe are not totally identical, and this will prevent the United States from trying to incorporate the strategy fully into its policy.

In addition to the United States' inadequate financial strength and the differences between the policies of West Europe and the United States toward the USSR, the Soviet response to the beyond-containment strategy will also have a direct impact on the enforcement of the strategy. Since the USSR is now facing the most difficult time following its perestroika and it is unlikely that this situation will change for the better in a short time, it seems the USSR will continue to make efforts to improve its relations with the United States and continue to tolerate the strategy and restrain itself. Such tolerance and restraint, however, will have a limit. As a superpower, the USSR must also maintain its dignity. In fact, the Soviet Government has already responded to certain excesses of the Bush administration. The USSR has already requested the West to act "responsibly" in East Europe and not to fan up the fire there by "exporting capitalism" into it, stressing that should the West mistake the gradual elimination of European division as a "defeat of socialism," then an East-West confrontation would reappear. In connection with the U.S. Senate's Nagorno-Karabakh Resolution, the Soviet Foreign Affairs Ministry protested to the U.S. Government on 19 November 1989 for interfering in Soviet internal affairs, pointing out that that was an attempt to resurrect the "cold war." It is expected that the Soviet Government will continue to respond to U.S. Government's interference in Soviet internal affairs. Furthermore, the development of domestic situation in the USSR will also have an impact on the implementation of the beyond-containment strategy.

As it is still in the development and reinforcement stage, the implementation of the beyond-containment strategy

is subject to the restraint of many factors and will not be an entirely smooth sailing. Since the United States and the USSR have their individual needs, it is expected that U.S.-Soviet dialogue and cooperation will continue to develop in the foreseeable future. However, since their "lasting reciprocities" are limited, they will continue to regard each other as arch adversary and their relations will continue to face many contradictions and struggles even though the forms of their expression will be different from those in the past.

### GUANGMING RIBAO 'On Human Rights'

HK1902102190 Beijing GUANGMING RIBAO  
in Chinese 2 Feb 90 p 3

[Article by Gong Yansi (7895 4282 1835): "On Human Rights"]

[Text]

#### I. Two Different Concepts of Human Rights

In recent years, human rights have become a major controversial issue in international relations. On the one hand, the Western countries hold that human rights have no national boundaries. In their view, actions taken by socialist and Third World countries to punish people engaging in subversive activities against the legal governments in their own countries, and other criminal offenders, are regarded as violations of human rights and Western countries have the right to intervene or impose "sanctions." On the other hand, Third World countries hold that the international protection of human rights should refer to safeguarding human rights against the encroachment of foreign forces. At the same time they oppose using human rights as an excuse to obstruct developing countries' economic development and to interfere in their internal affairs. An African head of state said at a meeting of the UN General Assembly: The encroachment on human rights comes from famine, poverty, and fear; from the unfair conditions in international trade; from foreign invasion and occupation of the territory of developing countries; and from the racist and exploiting policies in these countries. Therefore, human rights should be linked with the rights of freedom, progress, and self-determination enjoyed by the people of all nations. Another Asian leader said at a Commonwealth summit meeting that environmental issues and human rights have been used by some people as an excuse to obstruct economic development in the developing countries... Turning whole nations into debt slaves is a more despicable means than the previous practice of turning an individual into a slave when he could not pay a debt.

This shows that there are two different concepts of human rights. One concept takes "human rights" as a means of imposing one's own ideology on other nations and interfering in other countries' political and economic systems. The other concept stresses collective human rights and regards the right of the oppressed

nations and oppressed people to stay alive as the fundamental human right. Thus foreign aggression, economic enslavement, political interference, and national and racial discrimination are all violations of human rights and should all be resolutely condemned.

Which of these two concepts is right and which is wrong? Here, we must first review the emergence and development of the idea of human rights in history.

#### II. Emergence and Development of the Human Rights Concept

The concept of human rights has emerged through history. It was first put forward by the scholars in the Era of Enlightenment and was later extensively spread through the French Revolution and the U.S. War of Independence. Thus it bore an anti-feudal and anti-colonialist characteristic of the times. The "Declaration on Human and Civil Rights" adopted by the French National Assembly in 1789 elucidated the concept of human rights in terms of law. The first article of the declaration stipulated that "all human beings naturally enjoy freedom and equal rights." The declaration was directed at the privileges of the feudal lords and the church and was used to support the active power of the third estate against the feudal tyranny and so played a progressive role in history. However, in both revolutionary France and independent America, the human rights upheld by the declaration, namely "freedom and equal rights for all human beings," were not turned into reality. This was because in a society where people were divided into different classes according to their different property rights, different people demanded different freedoms and rights and there was no equality between them. In France, the liberated peasants demanded freedom to bring those who opposed them in the past to justice, giving rise to the Jacobite dictatorship. The industrialists and merchants demanded freedom and rights to keep their private property from violation and to exploit wage laborers. This found expression in the Napoleonic Code established to safeguard the interests of the owners of private property on the basis of suppressing the Jacobites. The workers demanded that their freedom and right of subsistence be guaranteed. However, since the legal order of the property owners had been established, it became impossible to ensure the freedom and right of workers and poor peasants to prevent hunger and oppression. The three French revolutions in 1830, 1848, and 1870 reflected the actions of workers and peasants striving for human rights, but they were all suppressed. This is historical fact. Even 100 years after the "Declaration of Human and Civil Rights" was promulgated, the French workers still did not enjoy the right to an eight-hour workday and women still did not have the right to vote. Even in Britain, where parliamentary democracy was practiced earlier, the situation was no better. Tens of thousands of Irish people were sent to West Indian islands as slaves. Throughout the 19th century, and in the first few decades of the 20th century, millions of impoverished peasants in Britain were forced to go abroad to seek a livelihood. Before

Ireland won independence, some eight million Irish people were forced to leave their native homes due to famine and political persecution. In the country which boasts of itself as the "the home of the Slave of Liberty," the freedom to trade in and use black slaves prevailed. The whites had freedom to kill native Indians but the Indians had no freedom to live. Even after the slavery system was abolished, the actual freedoms and rights enjoyed by the laboring masses of various races who came to develop the North American continent were still not more than those of the black slaves.

In short, during a long historical period after the democratic system was established in the West, although there were high-sounding words, such as the declaration of human rights, the basic rights of the laboring people in the West were not guaranteed. This was not only related to the social system but also to the level of economic and social development. The human tragedies under such a social system were vividly depicted by a large number of writers such as Hugo, Balzac, Dickens, Hardy, Delaisai (1795-545) 1049), and Steinbeck.

Moreover, the Western countries never paid attention to human rights conditions in their colonies and dependencies. Between the colonists and the native people in the colonial countries, there were no "natural freedom and equality of rights." Instead, their relations were those between the enslaver and the enslaved. The colonialist plundering and warmongering were described as efforts to build a "land of benevolence and happiness." After the emergence of the socialist countries, the activities of interference and expansion could be connived at and tacitly endorsed in the name of reviving communism. Therefore, the human rights system, flaunted by the Western democracies not only shows its limitation and hypocrisy at home, but also shows its brutality and cruelty in international relations. The Nanjing Massacre and the incidents in Auschwitz Concentration Camp during World War II were just logical consequences of such an attitude.

Old China was a semi-feudal and semi-colonial society. People of the older generation all know what "human rights" the Western countries brought to China. With the exception of the forces attached to imperialism, including landlords, compradors, bureaucrat-capitalists, and intellectual "elites," who enjoyed certain bestowed privileges, the vast majority of Chinese people, including the national bourgeoisie, could only suffer from enslavement, oppression, and humiliation. After the founding of New China, the fundamental issue related to human rights was to ensure the people's right to exist. Over the past decades, with economic and social development and changes, the people's freedom and rights have also been continuously developed. This can be summarized into the following points: First, the working people now not only enjoy the right to vote, but also directly participate in government. The proportion of working people who hold leading positions in state organs, enterprises, cultural and educational institutions, and research institutes is much higher than that in Western countries.

Second, the working people can obtain greater guarantees of employment, medical services, and social welfare as compared with Western countries at the same level of development. Third, the working people have access to more education than in Western countries at the same level of development. Fourth, women have equal rights with men while in Western countries, women have only had the right to vote and take up general employment during the last few decades. Fifth, the people of minority nationalities not only enjoy equal individual rights, but also autonomous power in the areas inhabited by minority nationalities and are provided with special subsidies for regional development. It is no exaggeration to say that New China's human rights record during the past 40 years in which universal freedom and equality were realized, is much better than that of the bourgeois republics.

This does not mean that China's human rights conditions do not need to be further improved and developed. Fundamentally speaking, the developmental degree of individual rights is inevitably constrained by the social system and the level of socioeconomic development. Under the conditions of our country, the rights of the people cannot but be affected by the following factors: First, the growth of New China is still faced with the undermining and subversive threats from hostile forces at home and abroad, so individual rights cannot transcend the fundamental interests of national security. Second, China is a country with 1.1 billion people of different nationalities. It is impossible to make any economic progress without social stability and nationality unity. So, individual freedom must not harm the overall interest of social stability and unity. Third, China's economy is still rather backward and the people's economic and social rights can only be guaranteed within the state's financial capacity. Fourth, China's reform will inevitably bring about some adjustment of interests and rights of various social groups and the changes must be favorable to economic and social progress and in line with social justice. Fifth, China's reform requires a further increase in the people's direct political and economic participation. Thus the old systems which restrained the people's initiative should be changed, but law and order should also be taken into account. Sixth, the force of habit, including vestiges of feudal influence, remains a major factor causing encroachment upon the people's legitimate rights from time to time, and it will take a long time to overcome the impact of old habits.

To sum up, the improvement and development of socialist human rights in our country will be accompanied by a process of economic and social development, and the continuous improvement of our country's legal system, and by overcoming the force of old habits in light of our national conditions. We should certainly take all useful foreign things as reference but we can only rely on the wisdom and strength of the Chinese people to create our own model. We must never try to copy a certain model from the East or from the West in an attempt to

accomplish our aim in one single move. In particular, we must guard against external forces which try to achieve their sinister purpose under the guise of showing concern for China's "human rights."

### III. Dual Standards of Western Countries on the Human Rights Issue

Some holders of power in the West have often said that the international protection of human rights should not be limited by the principle of noninterference in other countries' internal affairs. Do they really care about the international protection of human rights? According to many facts, they were indifferent to cases in which human rights indeed require international protection, but they tended to arbitrarily interfere in the internal affairs of other countries in the name of opposing "encroachment upon human rights" and even took their own values as norms for handling state-to-state relations. In short, they pursued "positive politics" in the name of "human rights." This is reflected in their dual standards on the human rights issue.

It is generally accepted that human rights should be safeguarded through international cooperation. In general, such international cooperation can find expression in the following three aspects:

First, the people who suffer from foreign aggression and occupation should have the political right of self-determination. This is not only related to the human rights of the people in colonial and occupied territories, but also to the human rights of people living illegally occupied by foreign countries. However, it is clearly known to all, Israel dared to unscrupulously suppress the innocent people in the occupied territory because it was backed by some Western powers. The people in New Caledonia were suppressed when they demanded independence because this was related to the interest of a certain Western suzerain state. Other Western countries also kept silent on this case. Where was their concern about human rights?

Second, the nations and races that suffer from discrimination should have the right to oppose racial discrimination and oppression and to strive for equal rights. The black people in South Africa, who are fighting against the apartheid policy in their country, belong to this category. Such struggle for human rights has won support from most countries in the world but some Western governments still hold an ambiguous attitude toward, or even openly oppose, the imposition of sanctions against the racist regime in South Africa.

Third, the developing nations should have the right to safeguard their national existence. The International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, adopted by the United Nations in 1966, affirm the national self-determination right and the disposal right over natural wealth and resources. The Development Rights Declaration in 1986 also affirmed that economic and cultural affairs and the wealth and

resources of developing countries are inseparable. However, the international debt and the unfair conditions in international trade are like two axes around the necks of some developing countries, throttling tens of thousands of people every day. According to the data provided by the UN Children's Fund, in the developing countries, about 40,000 people die every day through poverty and hunger and 70 percent of these victims are children under five years of age. The Western countries certainly bear responsibility for this. In addition, some Western countries directly or indirectly invade other countries and cause casualties among the local people. This is an international crime of violating human rights. The Western countries ignore all such events where the international community's joint efforts are required to safeguard human rights, or they even directly bear the responsibility of violating human rights in such cases. This shows that they lack sincerity for the international protection of human rights.

The Western countries selectively meddle in "human rights" cases. They only have interest in the cases in socialist and developing countries and ignore those in Western countries. They only support the anti-government dissidents and nationality separatists and never really show concern over the basic human rights of the suffering people, even their right to live.

Nationality or racial problems exist in many countries of the world and Western countries are no exception. Britain has the Northern Ireland problem; Spain has the Basque problem; the United States has the problem of discrimination against blacks and other colored people; and it is not unusual for immigrants and their offspring to suffer from discrimination in various European countries. The U.S. magazine *TIME* published an essay entitled "An Unfinished Undertaking" in August 1989, exposing the phenomena of racial discrimination in the United States. However, Western countries do not allow other countries to interfere in such issues. As known to all, Britain sent troops to Northern Ireland to suppress the independence activities there and even sent troops to Gibraltar to kill unarmed British people there. The Amnesty International organization once raised objections to this but this was flatly rejected by Mrs Thatcher. The British military and police also revealed information to terrorists so that they could kill Irish Republican Army sympathizers. The British Government even openly prohibited the mass media from covering and reporting the activities of Sinn Fein, the political wing of the Irish Republican Army. The British Government has always held that such human rights issues are its internal affairs and other Western countries have never concerned themselves with the Northern Ireland issue. However, when the Chinese Government imposed martial law in Lhasa and punished the criminal offenders according to the law in order to prevent a small number of separatists in Tibet from stirring up riots, the West gave support to the separatists and attempted to internationalize the Tibet issue. Isn't this a demonstration of their dual standards?



All countries in the world hold that the trial and sentencing of criminal offenders are internal affairs under their sovereign power. Recently, the European Court ruled that Britain violated human rights by detaining suspects for too long but this was ignored by Britain. However, the Western countries keep interfering in judicial issues in socialist and developing countries from time to time. They even demanded, ridiculously, that international investigation teams be

sent to interfere in other countries' judicial procedures and inspect other countries' prisons. In fact, there are a great deal of dirty scandals in the Western judicial field which they try to cover up. Today, over one million people are in jail. Prisoners in Western countries have often rioted over mistreatment in recent years. Why didn't the Western countries require international investigation teams to investigate various judicial scandals in their own countries?

## Political &amp; Social

**State Council Revises Contractual Regulations**

OW0403142090 Beijing XINHUA Domestic Service  
in Chinese 1321 GMT 1 Mar 90

[Text] Beijing, 1 Mar (XINHUA)—No. 49 Order of the State Council of the People's Republic of China

"Decision of the State Council on Revising Article 21 of Interim Regulations on the Contracted Managerial Responsibility System for Industrial Enterprises Under Ownership by the Whole People" is hereby promulgated and put in force.

[Signed] Li Peng, Premier

[Date] 24 February 1990

**Han Xu Stresses Informal Friendly Relations**

HK0703053490 Beijing CHINA DAILY in English  
6 Mar 90 p 1

[By staff reporter Zhou Zhang]

[Text] China is determined to promote its non-governmental contacts with other countries, despite the recent changes in the international situation and China's relations with some foreign nations, said Han Xu, the new president of the Chinese People's Association for Friendship with Foreign Countries (CPAFFC).

In an interview with CHINA DAILY, Han, a veteran diplomat, who was until recently Chinese Ambassador to the United States, said that when official diplomatic relations had run into some difficulties, nongovernmental diplomacy "becomes more important in improving the mutual understanding" between China and the outside world.

Han, who became chairman of CPAFFC last October, admitted that some problems in current nongovernmental contacts were due to "a lack of mutual understanding."

But he said that the Chinese people had a deep friendship with peoples in other countries and there were no fundamental differences between them.

"The only problem is the lack of a clear understanding about things that happened in China," and Han believed that it was but "a temporary difficulty."

CPAFFC began a three-day national conference of its board of directors in Beijing yesterday to discuss unofficial diplomatic work under the current situation.

At yesterday's meeting, Communist Party General Secretary Jiang Zemin said that China will, as always, develop friendly relations with the governments, peoples, and political parties of various countries on the

basis of the five principles of peace & co-existence and the four principles regarding the relations between "equals."

At the meeting Jiang spoke highly of the achievements the CPAFFC has made over the past 30 years.

Reviewing the current situation at home and abroad, Jiang stressed the importance to give full play to the role of people-to-people diplomacy, and expressed the hope that all those working in this field make new contributions to China's people-to-people diplomacy.

Han Xu revealed that in recent years, the association has attached great importance to the expansion of contacts with Third World countries.

Since 1987, it has hosted 153 delegations from 170 of these countries and sent 30 delegations from China.

At the same time, nongovernmental contact between China and the Soviet Union and East European countries has also increased.

As part of its efforts to promote people-to-people understanding, the association has been involved in creating "sisterly ties" between cities in China and other countries.

Han said that the work of establishing twin-city links had continued after the events of last June.

He disclosed that discussions on the establishment of such ties were underway between three Chinese provinces and cities and counterparts from France, Italy and the Soviet Union.

China established its first sister-city relationship between Tianjin and Kobe of Japan in 1973, and now has 344 links with cities, provinces and states in 40 foreign countries.

China has increased the number of sister-city links by 30 a year since it adopted its open policy in 1978.

**Government Directory Published in Hong Kong**

OW0703021090 Beijing XINHUA in English  
1436 GMT 6 Mar 90

[Text] Hong Kong, March 6 (XINHUA)—A directory of Chinese Government organizations has been published here by the New China News Limited (NCN), a company attached to the XINHUA NEWS AGENCY.

Compiled by the official news agency, the directory is proved to be the most detailed and authoritative of its kind with many of its materials made public for the first time over the past decades.

"A volume of almost one million Chinese characters, this overseas edition offers a detailed list of China's central and provincial government organizations, updated to December 31, 1989," said an editor of the directory.

It has listed the latest personnel changes in the State Council (China's central government) on December 26, when State Councillor Zou Jiahua replaced Vice-Premier Yao Yilin to become minister in charge of the State Planning Commission.

In addition to all of China's cabinet members and related state functionaries, the directory also includes the names of officials in charge of the departments directly under the provincial, municipal and autonomous regional governments. Their phone numbers, addresses and functions are also listed.

The English edition of the directory will be off the press later this year, the editor said.

#### RENMIN RIBAO on 'Positive Propagation'

1/XD103060190 Beijing RENMIN RIBAO in Chinese  
15 Feb 90 p 3

[Article by Jiang An (3065 1489): "Persist in Positive Propagation and Upgrade Critical Reports"]

[Text]

#### The Question Is Raised

For many years, the press circle has been debating this question: How should journalists correctly handle the relations between positive propagation and critical reports? This question has basically found a solution in the speech by Li Ruihuan at the meeting on journalism. He said: "Now there are many problems we need to study and resolve with respect to reform in journalism. Whether we speak from the general sense of journalism, from the actual present situations in all aspects, or from the viewpoint of upholding stability over all others, the main thing is that when writing journalistic reports we must stick to the principle of carrying out positive propagation." He also said: "This is an extremely important guiding principle that must be observed in socialist journalism."

It is important at all times for us to write journalistic reports with positive propagation in mind and it is especially important at the present time. After going through the political turmoil which happened in the late spring and early summer of last year and which affected the life and death of the state, people begin to think: "Why have some people held more and more ideas", "why have they raised their bowls of meat to their mouths" and "scolded their moor after placing their chopsticks on the table," in a time when we have reaped enormous achievements in the socialist cause of China's reform and opening up, when the party and masses have paid a huge cost, and when outstanding figures have emerged from all walks of life? Now we see more and more clearly that in addition to other reasons, incorrect guidance of public opinion is an important one. Some people have taken advantage of the faults and problems in our work to trump up public opinion and spread rumors in an attempt to overthrow our party and the

socialist system and they have intended to restore capitalism in our country. Our journalistic units have made the mistake of incorrectly guiding public opinion under this circumstance. This is a really good lesson.

The principle of party spirit is the basic principle for party newspapers. Even in times when we were carrying out the most difficult struggles against enemies, our journalist reports propagated the guiding principle, line and policies of the party by various means. They helped stimulate and encourage people to lay down their lives, confided unswervingly in the fact that "a spark of fire will set a forest on fire," and helped us continue with revolutions despite suffering many hardships or making numerous sacrifices. Since the founding of the PRC, journalistic opinion has been a very important tool for unifying the thoughts of the people of the country, whether in competing with the reactionary forces at home and abroad or in combating natural disasters.

Reform has brought about the advancement of history. Almost every Chinese living in the motherland, which stretches for some 960,000 square km, has enjoyed the fruit of reform. In the face of the present gratifying situation, people of the country as a whole should have welcomed new victories joyfully and in high spirits. On the contrary, during this time, our journalistic opinion did not stick to the principle of positive propagation but slackened in the propagation of socialist ideas, while some newspapers were devoted to disclosing the dark side of the party. They reduced our party and the socialist system to something worthless while depicting how good the capitalist system was, assuming that China must take the capitalist road. In this way, the internal minor climate was created that made it possible for the idea of bourgeois liberalization to spread more widely. Under the corrosion of this incorrect idea, some people began to waver in their confidence in whether or not communism can be realized, whether or not the socialist system works, and how much longer will the communist red flag flutter. Within the journalist circle, some people advanced the idea that affinity to the people is superior to the party spirit and demanded the "right of the press" on which no restrictions are to be placed. For some time, newspapers were less devoted to giving positive propagation and reports, and typical models such as Lei Feng, Jiao Yulu and Wang Jieren were seldom talked about. While they propagated the values of bourgeois liberalization, disclosed socialist "malpractice," spread "the corruption of communism," and did many other similar things. They even put pornographic and grotesque stuff in party newspapers so as to let the idea and life-style of bourgeois liberalization corrode the souls of the people.

The party's newspapers are the useful tools for guiding party work and directing the thoughts of the people as well as the textbooks for the people. When the direction of these newspapers is disoriented, it will cause a very bad influence on the masses, especially unsophisticated young people. When the guiding direction of journalistic opinion is incorrect, it will help the growth of the idea of bourgeois liberalization. Some people are doubtful of

and dissatisfied with the party and the socialist system as a result of the wrong orientation of the journalistic opinion. And some Western countries have placed "sanctions" on us owing to this incorrect opinion (which was actually a rumor).

The international reactionary forces have never cast aside the hope of exterminating us, and those people at home who stubbornly stick to bourgeois liberalization are unhappy about their failure. They will invent various nonsense and spread rumors to contaminate socialism and to confuse people. Under these circumstances, we must stick to the principle that journalistic opinion should be expressed with positive propagation. Only in so doing, can we bring into full play our political advantage to stabilize economic, political and social situations, and to thwart and guard against the plots and sabotages of the reactionary forces at home and abroad.

#### Adhere to the Materialist Theory of Reflection

In order to properly carry out propagation, it is essential that we raise the Marxist levels of journalists. Comrade Deng Xiaoping said: "China must continue to stick to socialism. Without full confidence in Marxism, China will not succeed in revolutions. This kind of faith is a driving force." Journalists are those who are to teach others, so they should have a staunch faith in Marxism and should steadfastly put on the communist world outlook and struggle for communism for all the days of their lives. They should firmly believe that the cause they are struggling for is just and that they will win the victory in the end.

We should see that many of our journalists do not have very high standards of Marxist theory and have not had the proletarian journalistic outlook. They are liable to the influence of the bourgeois "freedom of the press." They are unaware that without economic equality we cannot have political equality, even less so the freedom of the press. Is there equality between a millionaire and his servants? Do people who pick up their food from garbage have much freedom? Some people are enchanted by the "wealth" of the West, but they do not see the dark side of their societies. They do not know how developed capitalist countries have become wealthy and lack an all-sided and historical scientific analysis of the "poverty" of our country. This is the major ideological root of some people who dream of the West and despise themselves.

Although our socialist system is still imperfect, it is more reasonable than the capitalist system. People say how good it is to live under the capitalist system. In fact, if they do not work for the capitalists they will have no food, and if they do not properly work for capitalists they will be "fired." Although the socialist system is still imperfect, the people's livelihood is guaranteed and they do not have to lead their lives with fear. Moreover, when

we have finished our reform and overcome the malpractice, the superiority of socialism will then be further demonstrated.

We certainly have some decadent phenomena. Among party members, cadres and leading cadres, there are definitely some people who have changed their nature. To cope with this, the party is overcoming and resolving problems with remarkable results. But these individual problems and phenomena have been so exaggerated for some time that people think that the Communist Party is corrupt. In this respect, some people who have ulterior motives have invented stories at a time when we have not been able to give positive reports. The overwhelming majority of our party members and cadres, including leading cadres of the party, are honest and law-abiding, and they are strict with themselves. Unfortunately, the focus of coverage in the past among our journalists was not this, but on something just to the contrary. State leaders in our country earn the least amount in salary by world standards. According to a person who knows the truth, the family of a certain state leader only buys a watermelon when its price is lower than 60 jiao. Another state leader requires his children (excluding those of the Third generation) to pay for their food at home because he does not have much money. This writer also saw that some cadres at the ministerial level of the central authorities come to work with their lunch-boxes or they buy their food at the staff and workers' cafeterias. This was seldom known in the past. It was reported recently in a newspaper that three municipal vice governors of the Shanghai Municipal Government have to work together in an office and that the wife of a certain vice minister has to do their cooking.

Recently, as the need of giving positive reports has been put on the agenda, numerous exemplary persons have emerged and imitators of Lei Feng have come up in the list. Leading cadres at all levels are honest and law-abiding, and examples of their wholeheartedly serving the people are numerous. So, which country and which party can be compared with ours? None. The reason we stick to giving positive reports is that positive things are the main things in our party and society. Journalistic reports must stick to the materialist theory of reflection and must reflect facts as they are. This is a demand of life itself.

#### Upgrade Critical Reports

By saying that we will stick to giving positive reports, we never mean that we will always say that things are always good and that we will only tell good news without giving bad reports, or that we will not make criticisms in the newspapers. As Comrade Li Ruihuan pointed out: "If there is no criticism, news reports will become boring, monotonous, short of vitality, and lacking in its combative nature." The question is not whether or not we should make criticisms in the newspapers but how we will make them.

Criticism and self-criticism are the mysterious weapons we use to subdue the enemy. They are also the demonstrations of our sticking to the truth and of our courage to correct mistakes. Comrade Mao Zedong said that the fundamental difference between the Communist Party and other parties is that we make self-criticism. Our party has always advocated making open criticism in magazines and newspapers on the mistakes and errors in our work as well as on evil social tendencies. As early as April 1950, the CPC Central Committee made "The Decision on Making Criticisms and Self-Criticisms in Newspapers and Magazines." In order to strengthen the militancy and guidance of newspapers we need to make criticisms and self-criticisms in them. This is also the need of the people to exercise their democratic rights and their supervision of public opinion over the work of the party and the state.

When we are talking of making criticisms and self-criticisms in newspapers, we must, first of all, be clear that criticism is only a means we use to improve our work and to strengthen solidarity so as to push ahead the undertakings of our country. This is the objective. When we are making criticisms and self-criticisms, we should take a serious attitude, as we do in journalism in general, so that critical reports can produce their results.

What attitude shall we take to enable us to make positive and correct criticisms in newspapers? This writer believes the following points should be worthy of our special attention:

First, we must be clear. This has two meanings. One, that our critical reports must be clear in distinguishing right and wrong, and they must be severe but not vague. Two, we must criticize all evil tendencies from the standpoint of the party. This is the most important. Our newspapers are the tools of the party and the people for expressing their ideas, therefore every critical report carried in newspapers must be made at the standpoint of the party and the people, and journalists must be clear-cut in propagating the views of the party. They are never allowed to make free attacks without considering the party's principle, still less are they allowed to vent their anger by means of making critical reports or to cause pessimistic feelings among the masses. This is what we should bear in mind when making critical reports.

Second, we must take into the account the whole situation. In real life, faults and achievements often coexist. When someone has realized his achievements, he has also made some mistakes and errors. This is also true of a department or a job. You can never find perfection in a man or a thing. If we specialize in finding faults or mistakes to criticize, I am afraid that there will not be enough space for us to put all these items in a specially published newspaper. We should make basic estimates of the undertakings of the party and the people. This will form a basic pattern in which we give positive reports in newspapers. As Comrade Jiang Zemin pointed out: "Actual life is complicated, yet it is not difficult for us to find several examples to prove a viewpoint. When a leaf

is placed on your eyes, you do not see the Mountain Taishan. When you hold fast to one point, you lose your grip on others. Even if the leaf and the point really exist, they are, generally speaking, not in keeping with reality." Now that newspapers serve to reflect the actual life, critical reports must play a subordinate role only while the major role should be to give positive reports. We advocate paying special attention to problems in our journalistic reports. Nevertheless, paying special attention to problems is not completely the same as paying attention to criticisms. Questions are contradictory. To answer these questions, we sometimes need to rely on criticisms, and all the more on positive examples. Our criticisms should be given in both words of praise and words of denunciation. Denunciation should also include praise and praise should include denunciation. Nonetheless, we should stress praise.

Third, we must seize the opportunity. Some criticisms do not have any mistakes in themselves. However, if they are published at a wrong time, they will often produce an adverse effect. When people are confused over various views and when society is unstable we should appropriately allow hotly debated problems to cool down and be distracted. Some criticisms which easily lead to confusion need specially strict censure. This is favorable for tranquilizing public feelings. In a word, stability is the most important of all. All reports carried in newspapers should be given in such a way as to be favorable, but not harmful, to political, social and economic stability. Providing critical reports is a means, and such criticisms should not be given solely for the sake of criticism.

Fourth, we should be on good terms with others. When we are criticizing the inner problems of people, we must adopt the attitude which takes into account past mistakes to avoid future ones. Criticisms should be constructive and positive, and they should be suggested solutions to problems. When elaborating the truth, we should make a realistic analysis. We must not be satirical and sarcastic toward the ones criticized, nor must we gloat over what they have done. A clear-cut stand does not deserve sarcasm. We should be patient in finding out the reasons why there are mistakes and learn the lesson, and enthusiastically help them to correct their mistakes. Journalistic criticism should be broad-minded and should give people time to correct their mistakes. Critical reports should be given to the effect that the ones under criticism will be able to overcome their faults and mistakes and go ahead energetically.

Fifth, we should work closely together. Journalism is part of the party's work. For critical reports to really have good results, we must rely on party organizations at all levels and have their close coordination whenever possible. Journalists must overcome the influence of the idea of being "the uncrowned kings" and they should not harbor the arrogance of "fighting the world for a good cause." When making critical reports, they must solicit views from their local party organizations and hand their original drafts to them for examination. If their views



and those of their local party organizations are different, they should solicit opinions from their superior party organizations. Moreover, when critical reports have been published and when problems have been properly resolved, we can continue with our reporting. This is of help to the work and to raising the status of newspapers.

Sixth, we must seek truth from facts. Making criticisms in newspapers is something serious. Journalists must be responsible to the papers they write for and to the persons criticized. The most important thing is to clarify the facts. This demands that journalists must be serious and careful with their work and that they must conscientiously seek truth from facts. We should handle facts with reservation and must not speak too vehemently. When critical works are drafted, they should be handed over to the ones criticized for them to read and the writers should listen to their views patiently. Only by maintaining friendly terms with others and seeking truth from facts can the overwhelming majority of people criticized accept the criticisms carried in newspapers.

#### **XINHUA Runs DANG JIAN 'Masses' Article**

OW0708082690 Beijing XINHUA Domestic Service  
in Chinese 0700 GMT 1 Mar 90

[Text] Beijing, 1 Mar (XINHUA)—Issue No. 3 of the journal DANG JIAN carries an article signed by Dai Zhou [2071 5297], entitled "The Masses Are the True Bastion of Iron." The article says: Our party came into being and has grown in strength and matured politically while maintaining close ties with the masses and fighting together with them. The party cannot be separated from the masses, nor can the masses be separated from the party. The relationship between our party and the people is a flesh-and-blood one. The party cannot be separated from the masses of people for a single moment. It cannot exist if it is separated from the masses. Therefore, whether or not we can maintain close ties with the masses concerns the life or death of the party and the success or failure of our revolution and construction. This is a truth of Marxism-Mao Zedong Thought [Leninism not included as received] confirmed by historical practice.

The article says: During the war years, our entire party and the revolutionary workers served the people wholeheartedly in strict accordance with Comrade Mao Zedong's teaching. We sincerely served the people and worked for their interests. As a result, the broad masses of people realized that our party represented their interests and that our lives were bound up with theirs. The broad masses of people understood from such facts the tasks set by our party, accepted our political views, and supported the revolution. They thought the revolution was as important as their lives, was the most glorious banner, and waged a vigorous struggle for their interests.

The article says: During the war years, our party maintained flesh-and-blood ties with the masses of people and relied closely on the masses, the bastion of iron, to win the complete victory of the new democratic revolution.

At the present stage, our party is undertaking the historic mission of leading the people of all nationalities throughout the country in building socialism with Chinese characteristics. Likewise, our party should also maintain its flesh-and-blood ties with the masses of people, rely closely on this bastion of iron, and work wholeheartedly for their interests. Only thus will we be able to win the great victory of socialist modernization. If our party is separated from the people and destroys this bastion of iron, the party will not be able to survive and there will be no hope at all for it to build socialism with Chinese characteristics.

The article says: Comrade Deng Xiaoping pointed out that the biggest danger of a ruling party is separating itself from the masses, and this danger merits our high vigilance.

Since coming to power, our party has had better conditions for serving the people on the one hand, but on the other, the danger of separating itself from the masses has also increased. What then is the present state of our party's ties with the masses of people? Only by making a scientific and realistic assessment of this state will we be able, with a definite object in view, to strengthen and improve the party's ties with the masses of people. Only thus will our party be able to maintain closer ties with the masses.

The article says: On the whole, our party has a solid foundation among the people and has broad connections with them. First and foremost, the line, principles and policies adopted since the Third Plenary Session of the 11th CPC Central Committee represent the people's fundamental interests. Over the past 10 years and more, the people have reaped practical benefits from the party's policies and reform measures, and have generally raised their living standards. Second, party organizations at all levels as well as the overwhelming majority of party members have tried hard to serve the people. Our party and government are honest. Third, the Party Central Committee has set higher and more stringent demands for improving the party's style and work. The new collective central leadership since the Fourth Plenary Session of the 13th CPC Central Committee has firmly grasped the party's basic line, upheld the four cardinal principles, and persisted in making reform and opening to the outside world. Besides, it has also taken measures to cope with some phenomena and the tendency of distancing from the masses that have developed within the party over the years. It has put forth the requirements of maintaining and developing the party's fine traditions, upholding the mass line, and improving the leadership style, and has scored achievements accordingly. Fourth, the central leading comrades, with Jiang Zemin as the nucleus, have practiced what they advocate and earnestly listened to the opinions of the localities and departments. They have gone to factories, rural areas, old revolutionary areas, border regions and poor areas to directly hear the views of grass roots cadres and the masses. Fifth, based on the results of investigations and studies, and summing up the experiences and lessons in

construction and reform over the past 10 years, important policy decisions and work plans have been made in all fields of work. This is of great importance to stabilizing the situation in China as a whole, and to promoting construction and reform. All this fully demonstrates the new image and workstyle of the new collective central leadership in taking the lead to restore and develop the fine tradition of fostering close ties between the party and the masses.

The article says: However, we should also have a sober understanding of the seriousness of the existing practices of distancing from the masses and damaging the flesh-and-blood relations between the party and the masses. For instance, some time ago, certain specific policies were not stable enough and lacked supportive measures, and some mistakes were committed in actual work; there existed serious corruption and malpractices within the party; some party members and party members-cadres were indifferent about wholeheartedly serving the people and unconcerned about the masses, failed to follow the mass line in their work, refused to consult the masses when problems arose, and did not perform practical work for the masses, and media propaganda tended to be one-sided.

The article notes that the causes of these problems are many. A few problems were caused by some mistakes in making policy decisions or by overstatement to make achievements without taking reality in consideration; some were caused by certain incompetent party cadres with questionable ideology and work style; some were caused by the spread of individualism, with the result that certain individuals became the captives of money and materials in the new situation of implementing reforms, opening to the outside world, and developing a commodity economy; and other problems were caused by some young and middle-aged party cadres who had just been promoted to leading positions. These cadres, who lacked training in doing mass work or work at grass-roots units, did not know or were not familiar with the party's principle and method of mass line. Moreover, a small handful of people uncritically copied the management methods of the West and negated or downgraded the party's scientific mass line method. As a result, some cadres were confused and began to neglect their work style. Still other problems arose because the masses could not regularly and frequently air their opinions for a lack of complete democracy and a perfect legal system since the channels of inner-party democracy and people's democracy were not completely open, and because the supervisory mechanism for restricting power was not good enough. Any of these causes, plus divorcing oneself from the masses, will weaken the party's prestige and harm the consolidation of the people's political power. We must soberly recognize the seriousness and danger of this problem. The party's strength lies among the masses. Only by using ourselves on the masses, acting as we did during the revolutionary wars, regarding the masses as a true bastion of iron for winning a revolutionary victory, doing everything in the interest of

the people, and gradually restoring and expanding the flesh-and-blood ties between the party and the people in the process of construction and reform can we win the true support of the masses for modernization and reform and successfully build socialism with Chinese characteristics under the leadership of the party.

#### RENMIN RIBAO on Workers' Study of Marxism

HK0503073190 Beijing RENMIN RIBAO in Chinese  
19 Feb 90, p 6

[Article by Zhou Wenhua (0719 2427 5478): "An Investigation of and Thoughts on Workers' Study of Philosophy"]

[Text]

#### It Is Essential For Workers To Study Marxist Philosophy

Harbin's workers started their Marxist philosophical studies long ago. The atmosphere of studying and applying philosophy among workers in the 1960's was rather strong, with many activists of philosophical studies and good approaches, such as workers grouping together for self-study on a voluntary basis and deciding on the time, place, and contents for themselves. The 10-year "Cultural Revolution" gravely interfered with workers' philosophical studies. In the wake of the fall of the "gang of four," many workers reviewed "On Practice" in discussions on practice being the sole criterion for testing truth. This played a positive role in bringing order out of chaos and restoring the ideological line of seeking truth from facts. However, there has been some confusion in thinking in recent years. First there was the view that "Marxism is outmoded," which believed that Marxist philosophy is "classical philosophy," that Mao Zedong's philosophical thinking falls into the category of "empiricism," and that both have fallen behind the times. Second, there was the view on "giving up philosophical studies," which believed that philosophy is only the business of leading cadres and philosophers and that workers should only be concerned with production and output. The third view was "a fear of difficulty," which held that philosophy can be very abstract and quite over the heads of the workers, who are not highly educated, and that there is no need for workers to study philosophy.

Is it essential for workers to study philosophy? The Harbin Bearing Manufacturing General Factory's workers have supplied the following answer: Workers of socialist countries are masters of the country; should they fail to master Marxist philosophy and be devoid of ability in theoretical thinking, it would be very difficult for them to give play to their role as masters of the country. This is because philosophy is a scientific apparatus to see problems as well as the theoretical basis for our party to formulate its line, principles, and policies. Failure to apply the view of dialectical materialism and historical materialism in observing and understanding matters will lead to failure in seeing the essence and

developmental trends of matters and understanding the correctness of the Central Committee's line, principles, and policies. Philosophical study improves one's ability to understand and resolve problems and makes one wiser. Marxist theory is a golden key to understanding and transforming the world.

Wei Shuang [7614 3219 3830] and Wang Honghua [3769 3163 5478], national activists for philosophical studies in the 1960's, said that Marxist philosophy is the study of wisdom. When we first began work in the commercial field in the 1950's, we had enthusiasm but lacked a scientific approach. Later we studied Chairman Mao's works, such as "Serve the People," "On Practice," and "On Contradiction." Then, it seemed two doors were open in our hearts: One led to establishing the outlook on life of serving the people, and the other led to observing issues in materialist dialectics. Comrade Wei Shuang wrote an article on his experiences in philosophical study, which was carried in the 3 March 1960 issue of *RENMIN RIBao*. Chairman Mao read it and said in his speech delivered at the Tianjin conference on 19 March 1960 that the article of Wei Shuang from Harbin on philosophical study was worth reading. Philosophy is an approach; without it work method is out of the question. Comrade Wei Shuang was greatly inspired when she learned about Mao's words. Over the past 30 years, she has persisted in philosophical study, written a million or so characters of notes by linking theory with practice, and published some 200 articles in the press nationwide, as well as three books, entitled "The Art of Selling Goods," "The Salesclerk's Guide," and "The Psychology of Sales Operation."

In the practice of the 10-year reform, the leading comrades of some enterprises have also come to see the importance of workers' Marxist philosophical studies. They believe that there are at least four major advantages in unfolding work in this field: First, a worker's socialist orientation is guaranteed. When the masses of workers grasp the ideological weapon of Marxist philosophy, they will actively implement the party's line, principles, and policies, participate in the enterprise's democratic management, and help the enterprise's leadership to do a good job in production and operation. Second, the workers' sense of responsibility as masters of the enterprise will be heightened. And third, the political qualities of the workers contingent will be upgraded. In the recent struggle to halt the turmoil and to quell the counterrevolutionary rebellion in Beijing, many workers were firm in their position and had a clear-cut stand. They adhered to the four cardinal principles, opposed bourgeois liberalization, and did very well. And fourth, it is favorable to intensifying ideological and political work in enterprises. Organizing workers to study Marxist philosophy is basic to building ideological and political work in enterprises.

Practice has proved that Marxist philosophical studies will help workers to master the correct stand, views, and approach and to reduce onesidedness and blindness. It is necessary to organize workers to do a good job in their

Marxist philosophical studies in order to adhere to the four cardinal principles, oppose the ideological trends of bourgeois liberalization, and further conduct improvement, rectification, and in-depth reform.

#### Workers Are Capable of Mastering Marxist Philosophy

Adherence to the style of linking theory to practice is a marked characteristic of workers' philosophical studies. In their Marxist philosophical studies, the Harbin workers attached great importance to the principle of linking theory to practice. They studied Marxist philosophical works by focusing on some basic concepts, which were mainly contained in such works as Mao Zedong's "On Practice," "On Contradiction," "On Protracted War," "On War and Strategy," "On the Correct Handling of Contradictions Among the People," and "Where Do Correct Ideas Come From?" In recent years, they have also studied Comrade Deng Xiaoping's "Emancipate the Mind, Seek Truth from Facts, and Unite as One in Looking to the Future," and "Opening Speech at the 12th National Congress of the CPC." In addition, they studied several Marxist-Leninist philosophical works. Through studying, they have made improvements in ideological understanding to various degrees.

#### 1) Acquiring a Mastery of Concept of Historical Development, With In-Depth Understanding of the Socialist System's Advantages Through Study

To have a clear picture of the advantages of the socialist system is a crucial issue in the adherence to the four cardinal principles and the struggle to oppose bourgeois liberalization. In seeking a solution to this issue, it is necessary to see the inevitability of historical development from myriad accidental phenomena and to have a clear picture of the advantages of the socialist system and the law of the inevitable victory of communism.

Comrades of the workers' philosophical study group of the Harbin Bearing Manufacturing General Factory said, before they studied philosophy, they used to see things superficially rather than seeing the law governing history. Through their philosophical studies, they came to a better understanding of problems not easily grasped in the past.

They said that historical materialism reveals that in judging the advantages and disadvantages of a social system, the basic point is to see whether or not it falls in line with the nature of the productive forces, and whether or not it promotes the development of the productive forces. In the past, we drew comparisons between the two social systems based on some superficial phenomena that we saw or heard, comparing the actual conditions of China and developed capitalist countries in an oversimplified way. Now we see that that is only a superficial approach. From a historical concept, the development of capitalism has a history of some 300 years, while the socialist New China has a history of only 40 years. By the time it has a history of 100 years, its productive forces will certainly have developed far



higher than those of capitalism today. We should not forget another fact: It is through self-reliance, hard work, and bitter struggle that socialist New China conducts its economic development, whereas capitalist economic prosperity is derived from plundering foreign lands and exploitation at home. As productive forces development is the yardstick for comparison, a reasonable comparison would be a comparison between semi-feudal and semi-colonial old China and a developing country that has a development foundation that is similar to China's. In old China, the development of productive forces was gravely impeded. It took New China only 40 years to cover the same area that it took some capitalist countries over a century to cover.

Through Marxist philosophical study, the comrades of the workers' philosophical study group of the Harbin Bearing General Manufacturing Factory have found that they have improved their world outlook and methodology somewhat and augmented their belief in Marxism in a scientific way. Ji Beishi [4694 0554 7459], a worker, said: "Now I am firm in the belief that communism will eventually prevail. It is not because somebody said so, but I have found that this is a scientific truth through study."

## **2) Acquiring A Comprehensive Mastery of the Concept of Dialectics, With In-Depth Understanding in the Theory of Building Socialism With Chinese Characteristics Through Study.**

Comrades of the philosophical study group of young workers and staff members under the Harbin First Department Store said that building socialism with Chinese characteristics is necessary, for Marxist universal truth always has to be linked with the actual conditions of China's construction, and it is necessary to attach importance to finding a solution to the following issues: First, it is imperative to adhere to the general socialist tenets, including the principles of the extinction of the exploiting system, public ownership of production materials, and distribution according to work. This is a universal truth applicable to all socialist countries. Building socialism with Chinese characteristics is conducted under the guidance of these general principles. Adherence to these principles precisely means holding fast to Marxist universal truth; otherwise, our modernization will be led astray. And second, it is imperative to start from China's actual conditions. We must have a clear picture of China's national conditions, which are marked by a huge population and a poor foundation. It is precisely these national conditions that determine China's path, goals, methods, and steps to build socialism with its own characteristics.

## **3) Mastery of the Concept of Analyzing Contradictions To Continuously Find a Solution to All Kinds of Contradictions in Work**

The workers said that Marxist philosophy is a scientific theoretical system. Seeing things from a Marxist world outlook, one discovers that philosophical issues are

universal in real life, while many difficult and complicated issues can be resolved with ease. In the wake of the political storm at the turn of spring and summer last year, many workers studied Comrade Deng Xiaoping's discussion on the major international climate and the domestic minor climate, came to see the long-term nature of peaceful evolution of international antagonistic forces with the approach of class analysis, and saw that class struggle will continue within a certain sphere and can be very intense at times. And, moreover, their minds are brighter.

In the course of our investigation, workers' theoretical backbones spoke of philosophical truth in simple language. We keenly felt the tremendous theoretical power of Marxist philosophy with deeper understanding of the profound implication on Lenin's statement that "Marxist philosophy is complete philosophical materialism, and it endows a great apparatus of recognition to mankind, especially the working class."

Marx said: "The extent of realizing theory in a country depends on the degree that theory meets the needs of the country." Why are workers enthusiastic about Marxist philosophical study? The basic cause is the need of revolutionary struggles and the great practice of building socialism with Chinese characteristics. Workers' philosophical study and their initial experiences have enlightened us in many ways.

First, unfolding activities in philosophical study is an important channel to instill revolutionary theory into the working class and to improve its quality. The Marxist founder put it explicitly: "Philosophy regards the proletariat as its own material weapon; likewise, the proletariat regards philosophy as its own spiritual weapon." The working class masters Marxist theory out of the objective requirements of the working class' will. Historical facts proved that without the instillation of Marxist theory there would not have been the conversion of spontaneity to consciousness in the workers' movement. Only by instilling Marxist theory into the working class will it be possible to for it to acquire theoretical precision and firmness and to really give play to its role of the main force in political, economic, and social stabilization. Enterprise party organizations such as the Harbin First Department Store have earnestly grasped philosophical study among workers, further firmed up their faith in Marxism, deepened their understanding in the party's line, principles, and policies in the Third Plenary Session of the CPC 11th Central Committee, improved their ability to tell right from wrong, and invigorated their enthusiasm for socialist labor in the four modernizations, thus promoting the progress of all items of work.

Second, it is necessary to adhere to the principle of linking theory to practice. Comrade Deng Xiaoping has most recently said that stability is China's supreme interest and an overwhelming task at present. To maintain stability, it is necessary for us to do voluminous, arduous work. At present, it is necessary to do a good job

in a down-to-earth way in organizing education in the situation, with improvement, rectification, and deepening reform as the key under the guidance of the party's basic line. In the course of unfolding education in the situation, it is necessary to help workers and staff members master Marxist philosophy and the apparatus of recognition and to open up the train of thought in understanding and analyzing problems. Regarding investigations, it is necessary to give prominence to three basic concepts to arm the workers. 1) To augment the one-divides-into-two concept by viewing things in a comprehensive way and to guard against one-sidedness and metaphysics. In the course of education in the situation, it is necessary to fully ascertain the accomplishments in the 10-year reform, while presenting a clear picture of what difficulties we are facing; at the same time, it is necessary to explain the measure for resolving the difficulties. Only then will it be possible to obtain a genuine picture of the importance and pressing nature of improvement and rectification, see the bright prospects, and enhance confidence in overcoming the difficulties. 2) To augment the concept of making the subjective fit in line with the objective reality and to adhere to proceeding from the national conditions. Improvement and rectification are an economic readjustment. It is necessary to guide the workers and staff members to establish an overall point of view, see the overall situation as a whole, and firmly establish the concept of taking the situation as a whole into consideration and adhering to the style of plain living and hard work and tightening up their belts for several years. 3) To augment the concept of historical materialism. Through education in patriotism and socialism, it is necessary to heighten their political consciousness to firmly wage long-term struggle against bourgeois liberalization and imperialist "peaceful evolution," to seek a solution at a deeper level to the question of why only socialism can save China and only socialism can develop China. In short, through Marxist philosophical study, it is necessary to genuinely unify workers and staff members' thinking on the basis of the spirit of the fifth Plenary Session of the CPC 13th Central Committee, to augment the workers and staff members' sense of responsibility as masters of the country, to call forth their enthusiasm for socialist labor, and to give play to their role of the main force in improvement, rectification, and deepening reform.

And third, it is necessary to augment specific guidance to the workers in their philosophical studies in a down-to-earth way. To organize the workers in their philosophical studies, it is necessary to do a good job in the following: Suitable books on philosophy should be recommended to the workers. Relevant departments of libraries, cultural centers, institutes of higher education, and research institutes of social sciences should work in close cooperation to do a good job in briefing and advising them on books on philosophy and sponsoring lectures on specific topics in philosophy, in order to help workers to deepen their understanding of philosophical principles and basic concepts. The forms of teaching

should be varied, with attention attached to actual effects. Prominence should be given to ideological quality, with viewpoints accurate and clear-cut. Solutions to problems should be to the point, attention should be paid to answering questions concerning theory, policies, and practical problems of universal concern among the masses, and correct solutions to the popular, confused, and knotty questions of the masses should be provided. Party organizations at all levels should go deep into the grass roots in order to sum up workers' experiences in philosophical studies and to guide the healthy development of such studies.

#### New Regulations Ban Malpractices on Railways

OWU813211790 Beijing XINHUA Domestic Service  
in Chinese 13:00 GMT 27 Feb 90

[By reporter Li Nianqun (2621 1628 6311); Local Broadcast News Service]

[Text] Beijing, 27 Feb (XINHUA)—The Ministry of Railways recently formulated and promulgated "Regulations Strictly Banning Efforts To Seek Personal Gain by Abusing Railway Connections," in an attempt to foster self-restraint among railway workers and gradually set up a legal framework for mending the ways of railway employees.

Railways Minister Li Senmao asserted today that repeated rectification efforts have not fundamentally improved the ways of railway personnel. He said the contract system carried out on railways has unspectored transportation work. However, the influence of "money-mindedness" also has given rise to many new problems in the efforts to improve railway practices. Before bad practices have been eradicated in connection with the rough handling of freight, the rude treatment of passengers, and the random charging and increasing of train fares, serious new problems have emerged as train attendants illegally transport cigarettes and some railway employees steal train cargo. Particularly serious are attempts by some people to seek personal gain by abusing their connections with railway transportation, and open extortion and bribe-taking among railway employees. Li Senmao stated: Even if only a handful of railway personnel engage in misdeeds, the impact of such misconduct is extensive and adverse because of the role played by railways in society. We should resolve to improve railway practices and do a better job in making "people's railways serve the people," with the same attention we pay to tackling transport safety.

Under the "regulations" promulgated, railway employees are specifically urged to take national interests into account and not to seek personal gain and profits by misusing railway cars. Railway staffers who examine and approve transport plans may not directly or indirectly ask for or accept gifts, in cash or in kind, from cargo owners. Railway employees, including those who have retired, are banned from engaging in profiteering or making transport arrangements on behalf of other

people. Cadres at all levels are prohibited from using their power and influence to interfere in the review and approval of transport plans. Allotting railway cars that are officially regulated, whether according to plans or not, in violation of relevant regulations to companies engaged in diversified railway operations or to collective economic entities is strictly prohibited. Units and individuals engaged in railway transport shall be given disciplinary action if they contravene pertinent regulations. If the violations constitute a criminal offense, judicial authorities shall pursue the criminal liability involved in accordance with the law.

### Mao's Early Thinking on Education Viewed

HK0003084990 *Jingyong GUANGMING RIBAO*  
in Chinese 7 Feb 90 p 3

[Article by Tang Zhennan (0781 2182 0589): "A Brief Talk on the Educational Thinking of Mao Zedong in His Early Years"]

[Text] Mao Zedong used to be an ordinary school teacher at the elementary and secondary level. He once said to one of his bodyguards, "I never expected myself to become a Communist chairman. Originally, I wanted to be a teacher and it is on no account an easier job than anything else." In December 1921, Mao Zedong filled out an "investigative form for the Young China Society members" in which he made clear his determination to take pedagogy as his "lifework."

When a student at the First Provincial Normal College of Hunan, he started an evening class for workers. Upon graduation, he became a teacher at the *Pro-vocational* [xiao ye] Elementary School and then a secretary to the affiliated elementary school of the First Normal College, while holding a concurrent post of Chinese language teacher for Class 22 in the teachers' training department of this school. After the founding of the CPC, he set up Fianan Self-Education University, helped run the sixth term of Guangzhou Peasant Movement Institute, and was among the founders of Wuchang Central Peasant Movement Institute. Through all these efforts, he trained a large number of cadres with both ability and political integrity for the party, accumulated rich educational experience, and developed many original educational ideas. The following are the most important of his ideas:

#### I. Education Is an Instrument for Promoting Social Progress and High-Quality Teachers Are the Users of This Instrument.

What is the role of education in social development, and what social status do teachers enjoy? This is a question that cannot be evaded in exploring educational thinking. The answers provided by various people since the 1911 Revolution roughly fall into several categories: Education for reforming national character, education for training reformers of society, education for training developers of intelligence, science and technology, and education for training constructors in economy and production. In Mao Zedong's educational thinking in his

early years, in other words, before the wreck of the Great Revolution in 1927, the purpose of education he suggested developed from the reformism of national character to the training of social reformers.

Mao Zedong even the evening class for workers partly in the hope that national character could be reformed through education. The "Evening Class Diarybook", which was in Mao's own writing, argued, "The social backbone of our country today is the uneducated majority of the population. They pose a strong impediment to the enforcement of government decrees, the organization of self-government, the improvement of customs and the universalization of education. We should therefore give priority to school education at this stage and bring up new citizens as well as people with pioneering ability."

Teachers play a leading role in bringing up new citizens as well as people with pioneering ability. Mao wrote, "Education in China is underdeveloped for the reason that those in charge of education are ignorant of the international trend, see nothing of their own shortcomings, lack a sense of responsibility and have not raised themselves up." To change this situation, there must be a batch of teachers with fresh thinking, rich knowledge, who yearn for the better and have great devotion, because "education is the instrument for promoting social progress and teachers are its users. Therefore, educational theories and teaching methodology must improve day by day which will help social progress, and teachers must also make headway in their thinking day by day so that they can use these ever-improving educational theories and teaching methodology to the benefit of social progress." According to his understanding of this issue, he advocated expansion of teacher training to get large quantities of teachers. He made an appeal: "To popularize education throughout Xiangtan, there should be at least 2600 to 2700 elementary schools with a similar number of teachers. But this will be impossible even in a thousand years' time if there is no change in the present way of teacher training."

Reforming national character chiefly through education was what Mao Zedong's educational thinking was about before he accepted Marxism. After he did, however, there began a change in his educational thinking and he began to probe into educational problems with a Marxist world outlook.

#### II. Discovering Truth and Bringing Training Men of Ability Are What He Held as the Ultimate Goal of Education, and Reforming Society Was to Him the Objective of Education.

Each class, in each era, has its own purpose for education.

Mao Zedong summed up the advantages and disadvantages of traditional and modern schools, and formed his own unique educational thinking. According to him, the advantage of a traditional school was that it offered chances for free studies, in-depth and detailed research,

and discussion on simple subjects and good communication between the student and the teacher. The advantage of a modern school was that it focused on natural sciences and scientific research methodology. However, they were both marred by the fact that neither was open to the communers and both were monopolized by bureaucrats, warlords and landlords who were in the minority. In "A Notice For Entrants to Hunan Self-education University", Mao put these words down in black and white: "Our purpose is to reform the present society. Why? we are to pursue the knowledge that helps fulfill this purpose. We do not want to have a spoiled highborn boy or girl among our students, nor are we pleased to see a sensitive or ill-judged person." For this reason, the University paid special attention to the political quality of the candidates they were considering for enrollment, and each of them had to provide answers to the following questions: (1) school(s) previously attended, past experiences, and personal and family financial status; (2) subjects to take, and reason for choice; (3) subjects previously studied; (4) number of terms scheduled, and planned undertakings afterwards; (5) personal views on life, and (6) critique of society. Answers to the last two questions had to be given in unequivocal terms and would determine the enrollment or rejection of the candidate. On 6 October 1922, He Erkang [6320 1422 1660], then a student at this university, wrote in his diary, "I did not get down to study until dusk when the lamp was lit. Mr He (ie He Shubeng [01 49 647 5899]) told me to go to his room. He asked about my family background and why I had come here to study. What is study for? He then gave me a topic to write about: 'My Family and My Aspirations'. I wrote this down: My aspiration is to make a contribution to my country in the future." Later, he fulfilled his promise and gave his life for the party and the revolutionary cause. This question and answer showed that "students at the Self-education University are not only in pursuit of knowledge but should also have the urge to improve themselves, cultivate sound moral quality, forsake unhealthy habits, and prepare themselves to reform society."

The ultimate goal of education reflects the needs of a class and the spirit of the times. However, differences in specific objectives of education do occur even within a class when it has to undertake different tasks and establish schools of different natures. Guangzhou Peasant Movement Institute and Wuchang Central Peasant Movement Institute were schools specializing in training organizers of peasant movements. The "Opening Declaration of the Central Peasant Movement Institute", revised and finalized by Mao Zedong, made it clear that "the mission of the Central Peasant Movement Institute is to train a bunch of people capable of leading revolutionary movements in the countryside, who can obtain a profound understanding of, make an in-depth study on, and find correct solutions to, problems concerning the peasantry, and will build up their determination to

devote themselves to peasant movements." The students' regulations of this institute read, "The sole purpose of entering this institute is to study revolutionary theories and ways to act them out. Our ultimate goal is to turn out competent people who can carry out the practical work of organizing peasant movements." For this reason, eligibility for entering the Peasant Movement Institute was given "only to those young comrades who have made up their mind to work on peasant movements." All this shows that Mao Zedong distinguishes the educational goals of different school types by referring to the times they belonged to respectively and the various tasks facing them. Nevertheless, he held that the general principle of determining educational goals was unchanging, which means that training for revolution and construction purposes, giving priority to moral education and cultivating the spirit of devotion to revolution in students, are found in all educational goals.

### III. In All-round Development of Morality, Intelligence and Physique, Physical Education Is the Base and Moral Education Takes the Priority

"Toughen the physical body and enrich the spiritual being" is a well-known remark made by Mao Zedong when he was at the First Normal College of Hunan and is also the epitome of his efforts in seeking all-round development of morality, intelligence, and physique. In view of the common failing of attaching importance to moral and intellectual education, and making light of physical education in the educational circles of that time, he wrote "A Study of Physical Education" dealing with the dialectical relations among the three aspects of education. He said, "The physical body is to knowledge as a cart is to the cargo it carries, it is to morality as a house is to the resident under its roof." In other words, the physical body is the base without which morality and intelligence will be nonexistent, and "once the body withers, so do morality and intelligence." Moral and intellectual development is dependent on physical development, and "physical strength makes rapid, effective and lasting moral and intellectual improvement possible." He held that in elementary schools, "great consideration should be rendered to physical development, and accumulation of knowledge and cultivation of moral integrity should come after it; health care should be the first concern, and teaching and training should be put in a secondary place." "In education at the secondary level or above, all three aspects of education should be given equal attention" and none should be overemphasized or undervalued.

World outlook and outlook on life are the two most important issues in moral education. Mao Zedong always laid stress on the remodeling of one's world outlook. As a proof of this, the requirement of presenting views on life was carried in the notice for entrants to Hunan Self-education University. When in charge of the Self-education University, he highlighted the need for students to conscientiously remodel their world outlook by studying Marxism and Leninism, engaging in practical work and struggle, subjecting themselves to



appraisal through comparison whereby good performance is encouraged, and exercising criticism and self-criticism. The students of this university had a regular meeting each month for exchange of views and criticism and self-criticism. During that period, a series of anti-imperialist struggles and workers' strikes took place in Changsha. The students of this university took part in almost every battle and often acted as organizers or directors.

The main part of the world outlook advocated by Mao Zedong is the sense of serving the people wholeheartedly and thoroughly, and the spirit of self-sacrifice. Under his influence, most of the students of the Self-education University became communists with lofty ideals and high moral integrity, educated and well-disciplined. There were altogether 33 students in this university, of whom 15 later laid down their lives for the liberation of the Chinese nation, including the Communist revolutionaries He Shubing and Li Weihan [2621 4850 3352].

#### Documentary on Zhou Enlai Premieres

QW040114290 Beijing UNH. 1 in English  
1028 GMT 3 Mar 90

[Text] Beijing, March 3 (XINHUA)—The first screening of a documentary on the life of late Chinese Premier Zhou Enlai was held here in the Great Hall of the People to mark Zhou's 92nd birthday which falls March 5.

The 90-minute film, produced by the central newsreel and documentary film studio, highlights many historic moments in which Zhou was involved, including negotiations between top Communist Party and Kuomintang leaders in Chungking in 1945, and diplomatic talks on the establishment of Sino-U.S. and Sino-Japanese relations.

P. Zhuohong, minister of Radio, Film and Television, spoke highly of the documentary as a supplementary textbook to the party's history at the premiere ceremony attended by an audience of 500 including some state leaders who once worked with Zhou.

The documentary will be released worldwide March 5.

#### Discussion on Biographical Literature Viewed

HR060307190 Beijing JIEFANGJUN RAO  
in Chinese 18 Feb 90 p 1

[Article by Ma Houshi (7456 0624 1377): "Approach Leaders and History Conscientiously and Responsibly—Brief Discussion on Biographical Literature and Factual Literature"]

[Text] The last few years saw vast quantities of revolutionary leaders' biographies and memoirs springing up like mushrooms in our country. Some of those works were written by authors in our country, while the rest were translations of the works of foreign authors. This phenomenon is an indirect indication of our breaking

free, since the Third Plenary Session of the 11th Central Committee of the Communist Party of China, from the various "forbidden zones" placed by extreme "leftist" lines, and our relatively effective implementation of the "double hundred" policy.

There is a close link between proletarian revolutionary leaders and the people. It is very natural and normal for the public to show interest in their leaders' background, experiences, achievements, character, and even their living habits and emotions. Biographies and memoirs of revolutionary leaders have a wide readership. While it is beyond doubt that a good biography or memoir can educate and inspire tens of millions of readers, such works can also result in extensive negative effects. Therefore, any honest and responsible writer who is composing or translating the biographies and memoirs of revolutionary leaders should always give serious and earnest consideration to this aspect. Most of the biographies and memoirs of revolutionary leaders published in the last few years are sound works, but we should not refrain from admitting that a small number of writers, translators and publishers, influenced by the effects of bourgeois liberalization and the trends of commodity economy, are oblivious to their political principles, morals and conscience. These people introduce biographies and memoirs with seriously questionable contents into the book market and create ideological chaos among the readers. Hence, such a tendency cannot but draw the people's close attention.

Truth is the life of biographies and memoirs. Fabrication is absolutely impermissible in this literary form. However, even under the major premise of truth, the selection and rejection of material often have been quite different, or even entirely opposite, social effects. Actually, this also reflects the writer's standpoint and interest. I have not had the opportunity to read a great many books, but in the books I have read, I feel that in "Mao Zedong, Who Descends From the Altar", written by Quan Yanchi (2938 1693 6375), a relatively successful selection of various true stories about Mao Zedong has been made. The author presents his material in the form of questions and answers with Mao Zedong's bodyguards, and depicts the great leader from different angles, so that Mao becomes, to the reader, a concrete, vivid, living, affable, reportable and credible person. The book provides a new base on which the reader may acquaint himself again with Mao Zedong, China's greatest revolutionary leader of the century. Quan Yanchi has done a commendable job. In "The Long March—The Unfold Story" by American author Harrison Salisbury (translated by Guo Jiading (8665 1367 7844), Ji Zhengqiu (4280 6966 3008), and Zhang Yuanyuan (1728 2266 6678)), there is also a successful selection of various true stories about the Long March. Salisbury gives graphic descriptions of Mao Zedong and his comrades in their spirit, style and different characters, and retracts, comprehensively and vividly, the course of the epic Long March. The author's respect for the spirit of the Chinese Revolution and the Long March

is shown in his writing. This book deserves to be considered as a serious work which excels in both literary and factual quality. In a striking contrast to this, some authors, because of their desire to appeal to the unhealthy tastes of their readers, or because of certain motives which they harbor, specialize in digging out the so-called dark side or secrets of revolutionary leaders. They put together such material and give it exaggerations, and even base their writings upon hearsay and speculation. As a result, the image of revolutionary leaders is grossly twisted and damaged. Such a practice, like crediting leaders with god-like powers which they do not actually possess, violates the principle of seeking truth from facts, and is a distortion and desecration of history.

There is one more point that needs to be addressed, i.e., there are hostile forces outside China which play up the private lives of revolutionary leaders of socialist countries. Apparently, their aim is to blacken the image of the Communist Party and socialism, and to shake the people's faith in Marxism-Leninism, and in socialist and communist ideals. It is very strange that such persons should also be found in our country. Perhaps those persons want to cater to the demands of novelty seekers, or they are unable to resist the temptations of money, and the possibility that they might be trying to achieve certain political objectives should not be ruled out. In short, those foreign works appeal to them immediately, and they vie with each other to translate them and circulate them in China. In a memoir entitled "Stalin And I", which was supposedly written by Stalin's mistress, not only is Stalin portrayed as a lecherous and shameless scoundrel, the whole senior leadership of the CPSU is described as a pack of major and minor sex maniacs who fought over women all the time, and the purges are depicted as being related to the leaders' fights over women. The harm of translating and publishing this kind of obscene works whose anticommunist inclinations are apparent not only lies in the damage to the personal image of revolutionary leaders; objectively, such books also work well with the strategy of peaceful transition promoted by imperialist countries in socialist nations. Let us consider this possibility: If the people really believe the first socialist country to be in such a mess, then what is the value of its continued existence? Have the translators and publishers considered these problems?

The deeds in the lives of revolutionary leaders are closely related to the party's cause and the people's interests. For the sake of the revolution's interests, it is the unshirkable duty of each writer, translator and publishing unit to deal with revolutionary leaders and revolutionary history in a conscientious and responsible way. I believe that now is the time to put forward this issue in earnest.

#### Guangxi To Stage Fourth National Ethnic Games

OW0603142790 Beijing XINHUA in English  
1327 GMT 6 Mar 90

[Text] Beijing, March 6 (XINHUA)—The Fourth National Games for Minority Nationalities will be held

between November 11 and 18 next year in southern China, it was announced here Tuesday.

The games will be held in Nanning, capital city of the Guangxi Zhuang Autonomous Region and they feature nine competition sports and 120 demonstration events.

The competition includes firework-scrambling, swinging, crossbow archery, pearlball, dragon boat racing, woodball, wrestling, wu,hu as well as equestrian which is slated for August 1991 in Huhhot, capital of the Inner Mongolian Autonomous Region.

To participate in the Nanning games will be some 4,500 athletes hailing from China's 55 ethnic groups around the nation's 30 provinces, municipalities, and autonomous regions.

Wu Jinghua, vice chairman of China's State Nationalities Affairs Commission, said at Tuesday's news conference: "The minority compatriots in Taiwan are welcome to participate in or watch the games, from which ethnic islanders have been staying away."

The first national games for minority nationalities took place in 1953 and the State Council decided in 1982 that the games should be held every four years.

The fourth edition of the games should be held this year, but gave way to the 11th Asian Games scheduled for September in Beijing.

## Science & Technology

#### State Exports Accelerator Components, Parts

OW0403100890 Beijing XINHUA in English  
0813 GMT 3 Mar 90

[Text] Beijing, March 3 (XINHUA)—After the completion of the Beijing Electron-Positron Collider Project (BEPC) in 1988, the Institute of High-Energy Physics under the Chinese Academy of Sciences began to export accelerator components and parts.

According to Professor Zhang Yan, chief engineer of the BEPC project, by the early part of this year some national high-energy laboratories in the United States, Italy, Brazil and other countries had purchased from the institute accelerating tubes and microwave components worth more than three million U.S. dollars.

Two of the buyers were the Brookhaven National Laboratory and the Stanford Accelerator Center in the United States.

Scientists believe that there is a huge potential international market for China's exports of high-technology products.

### Article Discusses Technology Imports

HK0503121090 Beijing JINGJI CANKAO in Chinese  
14 Feb 90 p 1

[Article by Yang Jisheng (2799 4949 4939): "Three Questions About Technology Imports"]

[Text] From 1981 to 1988, our country spent \$16.2 billion on the import of 3,324 items of foreign technology. The newspapers and journals have published all kinds of commentary on the import of technology. Here, I would like to express my opinion on three relevant questions.

#### First, Should Hardware or Software Be Imported?

Some comrades wrote articles to criticize the excessive import of machinery and equipment (hardware) and the insufficient import of pure technology (software). Some comrades also wrote articles to express their disagreement with such criticism. The debate between these two opinions has lasted for many years. In fact, whether "hardware" or "software" should be imported is related to the level of productive forces. Without giving consideration to the conditions of the productive forces, the debate will reach no conclusion.

Before the first industrial revolution, technology mainly found expression in the techniques and unique ideas of the individual artisans. That is, the artisans were the sole carriers of technology. At that time, the transfer of technology was realized through the movement of the skilled artisans and through the direct contact of people. After the appearance of machines in large quantity, technology was crystallized through machinery, and the transfer of technology was realized mainly through the transfer of machinery. In the 20th century, technology made progress more rapidly, the knowledge mastered by mankind became more systematic, and the transfer of technology was effected more and more through the transfer of knowledge. Through such carriers as drawings and data, directions for producing chemicals, technological processes, parameters, standards, and designs—which are generally called "software"—are transferred from one place to another.

Generally speaking, the three above-mentioned methods of technological transfer reflect different levels of technological development in historical sequence. As technological development in different areas is uneven in the same period, the level of technological development in different areas may remain in different historical stages. Therefore, the three transfer patterns may exist at the same time in different areas. Technological transfer to more advanced areas is carried out mainly through software, while technology may still be transferred through artisans or through machinery and equipment to areas whose level of technological development is low.

In normal cases, the larger a proportion the import of pure technology accounts for, the better the economic results will be. However, in backward areas, the import

of a carton of foreign language drawings may not be more useful than the import of a machine. Therefore, it is unadvisable to arbitrarily impose a uniform import pattern on all cases. Areas with weak absorption and digestion capacity can import set equipment, areas which are able to make most parts of the equipment can only import the key parts of the equipment, and areas with strong absorption and digestion capacity can only import the patent rights and the patented technology. In the trades and areas with high technological level, technology remaining in the test stage can be imported and applied in the process of production at the earliest possible time.

With the enhancement of our country's technological level raised and the improvement of the management of imported technology, the proportion of "hardware" in imported technology will decline steadily. From 1952 to 1978, "hardware" accounted for 97.7 percent of the total number of technology import contracts, while the proportion declined to 50 percent in the period between 1979 and 1984. In recent years, the proportion of "hardware" fell to a lower level.

#### Second, How To Treat the Import of Duplicate Technologies?

Among the technologies imported in the last 10 years, many items were duplicated. For example, we have imported more than 100 color television set assembly lines. This phenomenon has brought about some unfavorable consequences and has been criticized by various quarters concerned.

However, if we observe the situation in other countries, we may find that there were no less cases of importing duplicate technologies. That Japan was able to turn itself from a defeated country into the world's third strongest economic power in the postwar period was closely linked with its practice of attaching great importance to the import of technology. However, in such a country which has achieved successful results in importing technology, the import of duplicate technology was rather serious. In 1969, technology in general was imported by an average of four enterprises at the same time, and the technology in the electrical appliances industry was imported by 5.3 enterprises at the same time. New technologies that were not imported before accounted for merely 45.5 percent in 1965, and 26.3 percent in 1970. Not only the imported technologies were duplicated, but some imported technologies were also similar to their domestic technologies. From 1966 to 1970, the proportions of imported technologies similar to the existing technologies in Japan were 44.2 percent, 55.8 percent, 68.5 percent, 71.8 percent, and 68.8 percent. Such technologies could completely be solved inside Japan and did not need to be imported from abroad.

In a society with a commodity economy, those who hold advanced technology will attain superiority in market competition. There, enterprises compete with each other

just like ten thousand horses galloping ahead. All enterprises in the same trade strive to master the most advanced technology. In these circumstances, it is hard for one or several enterprises to import a certain technology ahead of others and then gradually spread the technology in the whole country. This is the fundamental reason why so many similar technologies were imported at the same time. The import of duplicate technologies brought about two main problems. First, the amount of foreign exchange several times higher than necessary had to be paid for the import of a certain technology. Second, the production forces were thus distributed in an unreasonable manner, and some production capacity might be left idle as a result of the import of an excessive quantity of the same technology at the same time. However, the import of duplicate technology also enabled a large number of enterprises to acquire advanced technology at the same time, resulting in the quick enhancement of the technological level of the whole trade. For example, if only one color television set assembly line was imported in our country, would it be possible that the color television industry in our country developed so rapidly? Therefore, we should also make concrete analysis of the import of duplicate technologies. If foreign exchange is concentrated in the hands of the state and all foreign exchange incomes and payments are subject to the unified management of the state, the import of duplicate technologies will cause difficulties to the maintenance of the foreign exchange balance. If localities and units are responsible for balancing their own foreign exchange payments, then they may import technology to increase their capacity of earning foreign exchange, and then earn back the foreign exchange they use to import technology. In the latter case, the import of duplicate technologies will not be so terrible.

Another reason for the import of duplicate technologies is the excessive devolution of power for approving import plans. However, this is not the fundamental reason. Even before the devolution of power, there was also a case in which more than ten sets of equipment for producing chemical fertilizer were imported in our country. The import of duplicate technologies was made possible because there was a big market capacity that needed a large production scale, and also because our capacity to absorb and digest imported technology failed to keep pace with growing market needs.

The import of duplicate equipment caused the idleness of existing production capacity. This situation appeared more frequently in light industry, especially the processing industries which more quickly renew products and are more susceptible to market changes. If enterprises in these industries can make use of the imported equipment to earn enough money and then shift to produce other things after market needs change, and if enterprises bear sole responsibility for all earnings and losses, then the import of duplicate equipment will not affect the whole.

The import of duplicate technologies is a phenomenon that cannot be absolutely eliminated but can be reduced.

The fundamental way to reduce the import of duplicate technologies is to enlarge the capacity and raise the speed of absorbing and digesting imported technologies and to rapidly transfer these technologies to the enterprises which need them through the establishment of an effective system. Of course, the overall management of technology imports should be strengthened, which is also an indispensable step for reducing the import of duplicate technologies.

### **Third, Does the Current Import Serve the Purpose of Eliminating the Need To Import Technology in the Future?**

Some comrade said, "Our current import of technology serves the purpose of creating the conditions for reducing imports or even eliminating the need for imports in the future."

For a specific item of technology, if we import it today and digest it, then we may not need to import the same kind of technology henceforth. For a specific product, if we today import the technology to produce it and acquire the ability to produce it on our own, then we may not need to import such a product any more. In the above two senses, the above-quoted opinion is correct.

However, it is not right to think that we will eventually have no need to import any technology in general.

To say, those who can effectively make use of the existing technological achievements will be able to win an upper hand in economic growth and in international competition. A quick, effective, and economic way to acquire new technological achievements is to import technology. Foreign experience shows that the costs of developing a new technology from the very beginning are 10-odd times to even dozens of ten times as high as the costs of importing the existing technology from abroad. More importantly, it will take a long time to develop a new technology from the very beginning, and when one country eventually succeeds in the development of that technology, more advanced technologies may have been developed in other countries. That is to say, if we still follow the course of self-sufficiency in developing new technology, we will just end up spending more money on maintaining a backward position. To cross a river, one may make use of an existing bridge by paying several dollars of toll or may spend hundreds of thousands of dollars to build a bridge on his own. The self-sufficient approach to technological development is as stupid as the second way of crossing the river.

At present, no country can completely rely on its own effort to acquire all the technologies it needs, and no country will still try to take a self-sufficient approach to its technological development. There is no exception, even among the technologically advanced countries.

Therefore, some developed countries also import a large quantity of technology while exporting technology. The United States is the largest technology exporter in the world, but its technology imports have also been



increasing rather rapidly. From the mid-1960's to the late 1970's, the value of its technology exports multiplied 3.13 times, while the value of its technology imports also multiplied 3.21 times. The FRG is also a large technology exporter in the world, but it spent an average of 3.667 billion Deutsche Marks a year on importing technology in the period between 1980 and 1983, and this amount was 3.04 times the annual average in the period between 1950 and 1953. Technological progress will lead to the increase in the import of technology, because a developed economy will need more new technology.

Today, we need to import technology; after our technological level is raised, we will increase rather than decrease the import of technology.

### Military

#### Anhui Completes Vehicle Testing Ground

GW0703021490 Beijing XINHUA in English  
1533 GMT 6 Mar 90

[Text] Hefei, March 6 (XINHUA)—The construction of China's largest automobile testing ground was completed on Monday in Dingyuan County in eastern Anhui Province.

The 600-hectare testing ground, which belongs to the General Logistics Department of the People's Liberation Army, will greatly facilitate the modernization of military vehicles as well as the civil automobile industry.

The Army had formerly depended mainly on airports, mountainous roads and highways to conduct tests. The tests were time consuming, expensive and resulted in statistics of low reliability.

#### First Military Law Association Established

HK0503124290 Beijing JIEFANGJUN BAO  
in Chinese 18 Feb 90 p 1

[Report by reporter Zhang Rousang (1728 2677 2717): "China's First Military Law Association Set Up in Beijing"]

[Text] Beijing, 17 Feb (JIEFANGJUN BAO)—With the development of China's military law study, the founding of the Beijing Military Law Association, the first academic institution with military law as its object of study, has been proclaimed today. As experts see it, this indicates that a new chapter in the study of China's military law will be opened.

Military law is a very young branch of learning in our country. Since the Third Plenary Session of the 11th CPC Central Committee, the rapid growth in the building of state legislation and military legislation has provided conditions for the study of military law. In recent years, a large number of military law workers, as well as experts and academics inside and outside the army, have joined in opening up military law, thus

initially developing a contingent of researchers. They have issued and published some papers or treatises on military law so that military law has drawn increasing attention from the legal and military science circles. In 1987, the scientific and technological institutions in our Army listed military law as a branch of learning and, in the same year, the State Education Commission listed military law as a branch of law, thus establishing the independent status of military law as a special branch of learning.

Military law has also become an important aspect in the building of military legislation. It is learned that some military academies and schools have offered courses in military law and some relevant military academies and schools are ready to set up military law departments.

The Beijing Military Law Association, the founding of which has been approved by Beijing Municipality, is a professional branch of the Beijing Municipal Law Society. Its basic tasks are to study the legal system in building our country's national defense and armed forces and explore the theory and practice of military law with Chinese characteristics; provide legal services for the building of national defense and the legislative building of the armed forces; organize and promote academic and research activities in military law and support and train military law research personnel; organize and launch academic activities in military law and absorb and disseminate outstanding academic achievements; and, in coordination with academic studies and exchanges, help relevant departments launch mass publicity and education work in national defense.

Noted jurist Zhang Youyu, as well as the leading comrades concerned, are invited to serve as advisors of the Beijing Military Law Association. Tu Men, director of the Legislative Bureau of the Central Military Commission, is elected president of the association.

#### Article Defends Non-Guided Antiaircraft Weapons

HK0503053990 Beijing JIEFANGJUN BAO  
in Chinese 17 Feb 90 p 3

[Article by Meng Xianhui (1322 2009 6540): "Do Not Ignore Non-Guided Antiaircraft Weapons"]

[Text] The rapid development and extensive use of electronic technology in the military sphere since World War II have made the use of guided weapons more difficult although greater importance has been attached to them. The success rate against airborne targets by guided weapons has been dropping continuously while that of non-guided weapons has been unexpectedly increasing. This can be seen more clearly when we make an analysis of some regional wars since the 1950's and relevant materials from some foreign countries.

In the Korean War, the U.S. forces lost about 1,000 military planes. Of these, 676 were shot down by anti-aircraft guns (a non-guided weapon), making 67.6 percent. In the Vietnamese war, due to the strong electronic

interference and jamming by U.S. forces and the extensive use of metal foil, the hit rate for guided missiles which depend on a guidance system was greatly reduced. For example, when the SAM-2 guided missiles were used in large numbers for the first time in 1965, an average of 15 missiles were needed to shoot down a plane. In 1968, in order to shoot down a plane some 48 missiles were used. At the beginning of the 1970's, over 50 missiles had to be launched. From January to July 1966, of the 393 low-altitude planes the U.S. forces lost, 374, or 95 percent, were shot down by small-bore antiaircraft guns and antiaircraft machine guns. Of the 831 planes the U.S. forces lost in 1968 when bombing northern Vietnam, 696, or 83.8 percent, were shot down by ordinary antiaircraft guns. The situation in the third Middle East war was even worse. The Egyptian army launched a total of 22 surface-to-air missiles in six days but none hit a plane. In the fourth war, because the Israeli Air Force had successfully applied electronic warfare technology, it destroyed Syria's guided missile base in only six minutes without any losses on its part. However, in the following battles, because it was unable to make effectively interfere with the 23-mm four-barrel self-propelled antiaircraft guns, it suffered great losses.

The sudden attack on Libya by U.S. forces two years ago was more astonishing. Because the U.S. forces had effectively applied electronic countermeasures, the Libyan radar system was completely paralyzed. None of its planes were able to take off and its guided missiles were unable to work. The only loss suffered by the U.S. side was a military plane and it was shot down by an ordinary antiaircraft gun. This makes us think of a recent instance of war. When the U.S. Army started to invade Panama it used its advanced F-117 "stealth" fighter to evade Panama's radar system, allowing its airborne troops to capture the airport easily. The air defense guided weapons in Panama were proved ineffective. If at that time there had been some non-guided weapons in the airport, the result might have been different.

These facts tell us that although guided weapons have been developing rapidly, non-guided weapons still form an important force in modern air defense systems which should not be ignored. Almost all strategists in the world today believe that future wars will first of all be electronic wars in which electromagnetic interference will be unavoidable. Under such circumstances where the guided weapons are unable to escape interference, the non-guided weapons will play a greater role. For this reason, many countries are trying to enlarge the bores of their antiaircraft guns, increase the initial velocity and firing rate of their warheads, and develop multi-barrel, high firing rate, and massed fire air defense weapons, to increase their counter-fighting efficiency under electromagnetic circumstances. Of course, non-guided weapons are by no means a miraculous cure for all diseases. We only want to remind people not to ignore the development of non-guided weapons while attaching importance to the development of guidance technology.

### Report Praises Beijing Conscription Efforts

HK0603015590 Beijing JIEFANGJUN BAO in Chinese  
16 Feb 90 p 1

[Report by Han Deli (7281 1779 4409) and reporter Quao Linseng (0829 2651 3432): "Young People Old Enough To Join the Army in Beijing Active in Enlisting in the Army"]

[Text] Beijing, 15 Feb—In mid-February, the activities relating to conscription in Beijing was reaching high tide. The slogan "when one joins the Army, all family members feel honored" was seen everywhere; many people crowded round the drafting centers at the main streets and crossroads; and groups of young candidates, male and female, went in and came out of physical examination centers in all districts and counties ushered by medical workers.

A responsible member of the Beijing drafting office told us that Beijing is rich in manpower resources for military service this year, and more than 90 percent of young people old enough to join the Army signed up for military service, exceeding the stipulated quota by 10-fold. At present, physical examination centers in most districts and counties have examined over 50 percent of candidates, with over 60 percent of them making the grade. It can be certain that the task of enlisting young people for military service will be accomplished in quantity and quality.

This is the first conscription held in Beijing since the turmoil and riot last year. Some comrades who came to Beijing to receive new recruits were worried at first that the relevant task would not be accomplished. They feel relieved now. They said that the Government at all levels and the masses have done a large amount of work. As a result, we not only can recruit qualified young people, but also can choose better ones among them. "What made them more grateful was that every leading comrade and office worker of the People's Armed Forces Departments in Fengtai, Xuanwu, Xicheng, Chongwen, Huairou, and Shunyi Districts or counties threw their political enthusiasm into conscription work. They worked from dawn to dusk, carrying out investigations, and spreading propaganda among the masses. They attached primary importance to political quality, followed by physical condition, cultural level, and sense of responsibility in enlisting young people for the Armed Forces.

Some young people, who had a large income, also enthusiastically entered their names for military service, exhibiting a characteristic of the conscription work in Beijing this year. Among them were individual business operators, workers for Sino-foreign joint ventures, employees of hotels, and flower growers. Young workers for the Oriental Hotel, who earned over 300 yuan a month, vied with one another in entering their names for physical check-up. A 18-year-old young man told us: "Money is not important. I just want to learn some skills

in the Army and temper myself. Again, as a citizen, I should defend the country making my due contributions."

#### Report Details New Training Program

HK0503051790 Beijing JIEFANGJUN BAO  
in Chinese 15 Feb 90 p 1

[Report by Su Ruozhou (5685 5387 5297): "The Whole Army Starts Implementing New Training Program"]

[Text] On 9 February, this reporter paid a visit to the relevant departments in the General Staff Headquarters which were devising strategies for military training in the new year. They told this reporter: Beginning this year, all units of the ground forces, Navy, Air Force, and Second Artillery will conduct training in light of the newly promulgated military training program. The implementation of the training program of a new generation indicates that our Army has taken a new step forward in establishing a regular order for military training.

Compilation of the new training program started in 1988. At that time, the ground forces, under the overall design and with the arduous explorations of the units undergoing reform experiments, fulfilled the military training reform tasks at the three layers of individual training, element training, and division combined tactical training. Reform of the Navy, Air force, and the Second Artillery was also carried out simultaneously. The Army's training reform experience was further perfected through three years of trial implementation and tests. Under the overall planning of the Central Military Commission and General Staff Headquarters, legislation for military training will be stepped up. The General Staff Headquarters, Navy, Air Force, and Second Artillery started compiling their new training programs and completed the work by the end of last year.

The training program of a new generation indicates the laws of our Army's military training in times of peace. It absorbs the fresh experience of training reform during the decade and also took various factors into account. First, the focus of training determined in light of the requirements of modern warfare for army qualities and in accordance with the defensive strategy thinking and relevant Central Military Commission regulations. Second, it meets the changes in the Army's internal structure. In the years following promulgation of the new training program in 1980, our Army's weaponry developed and the proportion of special units increased. The Army increased its combined efforts through streamlining and reorganization and demanded that training be focused on tactical training. Because building of military academies has been strengthened, the ranks of military officers have further expanded. The new training program made corresponding alterations in light of these changes. Third, the new training program inherited and carried forward our Army's historic experience and traditional training methods and, at the same time,

realistically readjusted the training contents in light of the Central Military Commission's military and political training timetable.

The comrades in the relevant departments at General Staff Headquarters said that, compared with the past program, there are remarkable changes in contents and organizational methods in the new training program. The ground forces military training program for example, has the following characteristics: First, the new program breaks with the past training contents of various arms which formed a complete system within themselves and unifies the training schedule, contents, and time of various arms so that all arms can carry out simultaneous training focused on combined tactics, complete their special training under the common target. This will overcome the shortcomings of each arm conducting training of its own. Second, the new program unifies the training contents of various arms and emphasizes training in the basic qualities of servicemen. Over the years, various arms determined their own training contents and there were no unified standards and requirements. Besides proving that servicemen should have common qualities, the new program unifies the training contents, timing, and requirements for all arms. Third, the new program suits the changes in the ranks of officers and links up the contents of in-service training and academic training. Instead of simply repeating the courses they learned in the military academies, in-service training for officers is focused on applied training. Fourth, the new program divides training topics into required and elective categories, with stress on the former.

#### Article Views Current Class Struggle

HK0603120190 Beijing JIEFANGJUN BAO  
in Chinese 13 Feb 90 p 3

[Article by Guo Fang (6753 2455): "On Special Forms of the Class Struggle in Our Country at the Present Stage"]

[Text]

**1. In the Course of Socialist Development With the Advancement of Productive Forces as the Principal Contradiction, Class Struggle Remains; In the Worldwide Trend of Peace and Development, the Struggle Between Socialism and Capitalism Continues All the Way Through**

As things stand in our country's socialist system, the exploiting class has been annihilated as an integral class, and the class struggle is no longer the principal contradiction in the country. Nevertheless, class struggle lingers to a certain extent, and may even intensify under certain conditions. Internationally, peace and development constitute the key note of our present world. Meanwhile, the struggle between the two systems and ideologies has never ended. The Western bourgeoisie and international reactionary forces, out of their class instincts and interests, have never stopped their anti-communist and anti-socialist subversive schemes and

sabotage. However, in the past 10 years, when we were endeavoring to redress the undue magnification of class struggle, the wrong tendency of ignoring class struggle and weakening class awareness cropped up for a variety of reasons. In these years, the Four Basic Principles have not been consistently upheld and the ideological trend of bourgeois liberalization has been let run rampant, thus developed into a counter-revolutionary rebellion putting the party and the state in danger of destruction. All this reminds us, that from the negative side, it is hard enough to check the undue magnification of class struggle, yet it is an even more practical, complicated, and challenging task to conscientiously maintain a sense of class struggle. Generally speaking, if class struggle is the principal contradiction or the mainstream in social development, it is relatively easy to call attention to class struggle; if not, however, it is much more difficult to maintain necessary class awareness and a sense of class struggle. In this sense, the notion of "special forms of class struggle" brought forth by Comrade Deng Xiaoping in the course of the socialist modernization drive, is in itself an innovative contribution of historical importance. By summing up both positive and negative experiences in the class struggle since the founding of the People's Republic, Comrade Xiaoping also made it clear that both overestimation of class struggle, and belief in the extinction of class struggle, should be guarded against. These are the two basic points that we must bear in mind when endeavoring to correctly understand and handle problems in connection with class struggle.

## II. As the International Situation Trends Toward Relaxation, the Struggle Between Capitalism and Socialism in the Social System and Ideology Is Likely to Become More Prominent.

Since its birth, the socialist state has always been looked upon by the capitalist world as a thorn in their flesh. For many years, the struggle between the two systems has been at alternate high and low tides, never for a moment has it ceased. Since the mid 1980's, U.S.-Soviet tension has been moving toward detente, which is a result of the struggle by all people in the world and is an applaudable thing as it goes with the general trend of peace and development. However, as the relaxation develops, a "war" without gunfire is being maneuvered to the foreground of history. The capitalist force: in the West are not resigned to their abortive attempt to press down socialism with cold wars. Since their power policy has ceased to be effective, they have shifted the focus of their strategies more to the side of nonviolent offensive and that of economic, political and cultural infiltration, dreaming of "victory without battle." Especially when the reform in some socialist countries meets a setback, the reactionary forces in the West feel more certain that their day has come and claim: "The free world has now got a chance to change the Communist rule." They then step up their offensive of "peaceful evolution" in the socialist countries. Special attention should be called to the fact that in the present trend of peace and development, the Western capitalist countries, with their solid foundation built up through many years of efforts, are

still well in the lead in economy, science and technology, whereas socialist countries have all been established and developed in places where the economy has been relatively backward. For this reason, socialist countries are still somewhere behind capitalist ones as far as productive forces and labor productivity are concerned. And this very discrepancy explains why, in the present international competition chiefly indexed by economic advancement, the economic supremacy enjoyed by the capitalist world has enabled them to get the initiative in the competition of social systems. If this advantage started to pay off in the years of "tough encounter [ying du kang]," then in today's "soft attack [ruan jin gong]" of peaceful evolution, it has a material and spiritual power of impact that is not to be overlooked. The Western powers, with their economic supremacy, flaunt the "vigor" of market economy and the "vitality" of capitalism, with their supremacy in science, technology and world commerce, constrain and control socialist development, in an attempt to make socialist countries their dependencies; with wealth disparities, they allure admiration for the affluent life in the West and worship of the Western democracy and liberty so that people may prostrate themselves at the feet of the capitalist system; and, with their economic strength, give financial and material support to anti-pop up anti-communist and anti-socialist forces within socialist countries, interfere with those countries' internal affairs, and create turmoil and rebellion. In the face of this grim situation, we should, on the one hand, never be dismayed by the economic supremacy of capitalism, and should firm up our belief in the inexorable victory of socialism over capitalism; on the other hand, we should also understand the unfavorable conditions we are having in competition, and constantly strengthen socialist economic and political building so as to effectively resist the infiltration and attack by capitalist forces.

## III. Against the Background of Reform and Opening Up, the Domestic Class Struggle Takes on a More Sophisticated Look, Which Is Mainly Seen as the Struggle Between Upholding the Four Basic Principles and Bourgeois Liberalization

Reform is our fundamental national policy that we must firmly keep to, and is an indispensable element of our socialist modernization drive. Reform in the socialist system will inevitably touch the various facets of social life, arouse concern and expectations from all interest groups and strata of society, and cause different feelings and psychological repercussions. All social contradictions that crop up in the course of reform are not instances of class struggle and even more of them are not, but class struggle or phenomena suggestive of the class struggle do exist. Especially under the nonviolent infiltration attempt by the bourgeoisie from the outside and the hostility of anti-party and anti-socialist forces from within, it is not unusual to have some contradictions with a class nature, and even some tough confrontations within a limited scope. For instance, on the orientation of the reform, there are propositions such as "economic privatization", "political pluralism," and "ideological



liberalization", in the course of the reform there are people who advocate that "all practices should be money-orientated," leading to the spread of corruption in the party and various unhealthy tendencies in society. In times of frustration in the reform, some people fan the flames of discontent, incite disturbances and even attempt to overthrow the party and the government. Naturally, however, in the above cases, there are contradictions within the people apart from those between ourselves and the enemy. But the political tendencies and the nature of class struggle reflected in all these cases are not to be ignored, and particularly because this form of class struggle is characterized by a mix-up of both kinds of contradictions, it is more complicated and more difficult to handle. Opening up is also our fundamental national policy. Under the circumstances of opening up, how to fight against subversion, infiltration and peaceful evolution is also an important issue that calls for more of our attention.

The class struggle in its special form in our country at the present stage is mainly seen as the struggle between upholding the four cardinal principles and bourgeois liberalization. The four cardinal principles provide a common political ground for the whole party and people of all nationalities in our country to make joint efforts in the socialist modernization drive, and they are also an expression of the class interests of the proletariat and the fundamental interests of people of all nationalities throughout the country. Keeping to the socialist road means upholding the political orientation and historical mission of the proletariat. Upholding the people's democratic dictatorship means sticking to and protecting the true nature of a government with the working class in the leadership and grounded on the worker-peasant alliance, and the basic system of this government. Adhering to the leadership by the Communist Party means securing the leading position of the proletariat in the state and social affairs through its vanguard. Holding on to Marxism, Leninism and Mao Zedong Thought means keeping the advanced proletarian ideology, an integral system of scientific thoughts, in a dominant position in the field of social ideology. Bourgeois liberalization by definition is the trend of ideology that defies the party rule and socialist system and advocates capitalist system. Starting last year, a small handful of people took advantage of the difficulties and lapses that came in the way of the reform and, under the pretext of "opposing corruption," aimed their attack at the four cardinal principles. They howled, "If the four cardinal principles do not disappear from the Constitution, they will definitely outweigh human rights and interests", and openly cried out for "abolishing parties, renouncing the four cardinal principles" and "thoroughly denouncing the campaign against bourgeois liberalization". They then developed the student movement into a political turmoil and even staged a counter-revolutionary rebellion. Commenting on this, Comrade Deng Xiaoping pointed out, "This incident was by nature a conflict between bourgeois liberalization and the adherence to the four cardinal principles." It is now clear that the political ups and downs in the course of our

socialist construction have always taken place around the central issue of whether to uphold the four cardinal Principles or to practice bourgeois liberalization. Therefore, we must take a fresh look at the issue of upholding the Four Basic Principles at a new stage with sharpened class awareness and sense of class struggle, make it a long-term and regular task and implement it in all fields of our endeavor and undertakings.

#### Article Discusses Aerial Battlefields

HK2202142190 Beijing JIEFANGJUN BAO in Chinese  
2 Feb 90/p 3

[Article by Dong Wenxian (5516 2429 0341):  
"Strengthen the Concept of Air Battlefields"]

[Text] Although specific mechanisms for building a modernized military force vary, they share one common feature: a tendency to develop coordination among different arms and services to adapt to the needs of three-dimensional warfare.

Today the status of air battlefields has become increasingly important for all-out wars or local armed conflicts, and we must not forget this point in our probe in issues concerning Army development under a new era.

In 1909 Italian Giulio Douhet first put forward air battlefields as an academic concept. The world had just seen the first airplane, which was so primitive that in today's view, it could hardly be called one, and much less would it be employed militarily. Douhet's concept was mocked as "fantasy." But in 2 years the air battlefield theory became a reality when planes were put to military use—carrying out reconnaissance and bombing missions—in the Italian-Turkey War. Thereafter Douhet, based on the experiences of the First World War, predicted the inevitable trend that aero-technology would develop rapidly and would be extensively used in the military. In 1921 and 1930 he wrote several theoretical articles on the power of air force preaching the necessity of a powerful and independent air force, setting forth his belief in the inevitable trend of an equal footing between the air, sea, and land forces. Douhet thus charted a transformation curve illustrating a new war style and a totally new war pattern, and described in detail the fundamental concepts and principles of the establishment of an air force and its battle operations. Repeatedly stressing that "new war theories should be based on combined maneuvers of arms and services," Douhet pointed out that "the decisive battleground is in the air." During this period similar air force theories were advocated by Britain's Hugh Trenchard and the U.S. American William Mitchell.

For a long time controversy raged in the military circles of many countries about the truths of the air force theories represented by Douhet. There were, in sum, three opinions. One saw Douhet's theory as "completely erroneous" and "untenable" and that the Second World War had completely overthrown Douhet's theory. Another opinion considered Douhet as a "great prophet

of military theories" and a "recognized strategy creator" and that "when observing and analysing the events and results of the Second World War the correspondence to Douhet's prophecies is amazing." The third recognized Douhet's theories, "with the condition that" air force power must be "sufficiently strong." Later, as the importance of air combat came increasingly to the fore, people's understanding gradually converged. "Giulio Douhet," "air commanding power" and "air combat theory" are common entries in many countries' encyclopaedias.

Even in the United States, which has been dominated by a narrow outlook of armed services, all three editions of the "Battle Outlines" published by the Army over the last decade or so have recognized the functions of air battlefields. The 1976 edition pointed out that "without the air force the army cannot win the wars on land." The 1982 edition established the "air-land unified battle" concept as the battle and combat theory for global challenges, and the 1986 edition pointed out that "any land combat beyond the smallest ones will be heavily influenced by the supporting air combat actions of either or both of the warring sides." "The airspace, as part of the land combat zone, is as important as the land space." "As a matter of fact the effects of air combat can decide the outcome of battles." Even official Soviet military theories, which for the last several decades had totally denied Douhet's theory, have admitted that "the atmospheric space has become increasingly important in combat actions and battles," and that "the traditional deep-penetrating battles are acquiring deep-penetrating three-dimensional features."

This article will not discuss issues surrounding Douhet's theory but will concentrate on explaining that the rapidly developing modern air force has become the most vital power in current pre-emptive wars and in winning wars. Many new features have emerged in the strategic and tactical use of air power. In local wars and military conflicts, there is an increasing tendency to be the first side to use air power, and on a major scale. It would mean passivity and defeat in military struggle if we treat air battlefields with indifference and dated concepts. Without a doubt a strengthened sense for air force and a concept of air battlefields represent the objective requirements of military struggle in the new era.

The realities as detailed below merit our fullest attention: **Air power has become an increasingly important element in strategic deterrent forces.** In multi-level and combined service deterrent forces, attack forces remain the major means. Since the 1930's, air power, which is good at attack and carrying out surprise attacks, have been used in deterrence. In the first few years following the debut of nuclear weapons, bombers were the only nuclear-weapons carrier and the main agent for strategic deterrent forces. Thereafter strategic nuclear forces progressed to the "trinity" stage, and nuclear bombers still remain the most responsive and flexible strike force.

With the appearance of the "post-nuclear age," the deterrent value of nuclear weapons have slowly declined,

and the status of conventional forces in strategic deterrent forces have correspondingly risen. But this has not lowered the deterrent functions of air power. On the contrary the extensive use of micro-electronic technology and precision-guided weapons in military aeronautics has very greatly raised the combat power of air forces, which have therefore played an extremely important role in conventional deterrent forces. From battles such as the Israeli Air Force's surprise attack on Iraq's reactor and the Palestinian Liberation Organization's headquarters in Tunisia, the U.S. Air Force's long-range attack on Libya, and the many U.S. and Soviet airborne combats and large-scale emergency air supply operations, it seems that we can come to the conclusion that it is entirely possible to reach a certain strategic goal if there is air power to coordinate with land forces, or even an independent employment of air power, in applying "surge operations" in the form of air attacks, airborne operations or advanced airlifting. At present the psychological effects and demonstrative functions of the air attack on the Gulf of Sidra are spreading and developing. **The struggle for air command has become the outstanding problem and top priority in modern warfare.** The power to command the air is an important safeguard for the army's initiatives and its freedom of movement in modern warfare. Once air command is secured, the operations of one's own air force against the enemy's land forces and attacks inside its rear can be carried out smoothly, and the combat operations of the Army and Navy will be saved from disruptions and damage from hostile air powers.

One of the major reasons Germany successfully attacked Poland, swept through Europe, and launched blitz attacks on the Soviet Union during the Second World War, was that it had "developed an air force more powerful than any other countries." At one stroke it seized the strategic command of the air through a surprised and concentrated attack on enemies' airports and the planes on the ground. Air operations became important elements in the German Army's "blitzkrieg" as well as prerequisites for other land blitz operations. Similarly, the reason for the abolition of the German "Sea Lion Operation" and the failure and total collapse of its anti-landing battle at Normandy, was that the air command power had been by then in the hands of British and U.S. allies. The general commander of the German west line defense (Von Lun Si De) [024: 24-8 1795] lamented: "All the problems lay in the air force, and nothing but the air force... Our difficulties came mainly from the systematic bombing of your air forces. Everything was reduced to zero. There was nothing we could do..."

Local wars in recent years have demonstrated still more convincingly that decisive groundwork can be laid for hastening the course and conclusion of a war if the war can be initiated by a surprise air attack and air command is first secured.

In view of its vital status, the seizing of air command usually is the top priority in the combat operation plans

of supreme and high-level commands, which will lay down, as top and fundamental mission for the air force, the seizing of air command and organization of relevant arms such as the army and navy to coordinate with the task. **Combat in air battlefields can severely deplete the enemy's resources and potentials on which it relies to prosecute the war.** Before the appearance of airmen, the two warring sides confronted each other on stationary front lines, advancing or retreating line by line. Even if one side adopted the method of attacking from outer lines, it would be difficult for it, within a short time, to significantly affect all of the enemy's in-depth rear, whereas the defending side could trade space for time and enjoy more room to maneuver, to the extent that when guns roared in the frontlines the rear might still be producing and pooling war materials at an easy pace, and delivering them to the front lines. However the introduction of air power in the military has tremendously changed the value of time and space in war zones. The areas covered by and the prominence of airmen are unprecedented in war history. They can eliminate the enemies in the war zone—the tactical and strategic contingent forces stationed deep in the rear—destroy production facilities, war materials and transport systems, or occupy them through airborne attacks. Once a war begins, none of the areas of either side can remain "a peaceful oasis"—"offices will be as dangerous as war trenches." This kind of combined attacks on enemy's fronts and rear, and on its spiritual as well as material forces, is lethal, in that it can destroy the whole of the enemy's strength and its mechanisms to conduct war. For this reason air defense has become increasingly important as a strategic measure, for it can safeguard war materials and potentials, maintain the normal operations of war mechanisms, and preserve initiatives. **The air force is an indispensable partner to the army and navy in coordinated battles.** The final definition and central

characteristics of modern integrated warfare is the coordination of air combats with land and sea combats, which means "air-land unity" or "air-sea unity." The introduction of air battlefields has created a series of fundamental changes in the calculation of one's troop strength vis-a-vis the enemy's, the pattern of the force structure and operation modes. The tactical airmen of the air force and their counterparts in the army and navy can prosecute wars, either independently or in coordination to conduct integrated battles with land forces or war fleets at different tactical levels. They can offer protection for land forces or war fleets by seeing local air command or offering air cover. They can offer many kinds of supporting actions such as air reconnaissance, deep-penetrating fire power surprise attacks, direct fire power backup, air transport and air lifts and air electronic wars. In short, air combat actions thread through the entire process of integrated wars and penetrate every aspect and area.

Not only the Army and Navy, but also the Air force, needs strengthening the air battlefield concept. We must further eliminate the influences of the two-dimensional war as a concept, and bear in mind, when studying the problems of Army building and conducting wars, that we are already in the three-dimensional war era. The modernization we are after should be one adapting to this type of warfare. To this end, we must critically absorb the historical heritage and new developments of theories on air force in the world, and appropriately evaluate the air battlefield parts in our study of war history. We must, in treating the relationships between the constituent parts of combined armed forces, have a scientific concept as to the value of different armed services, and avoid theories which single out a service (arm) as the sole determinant for victory or as the permanent leading force. The study of the missions and strategic use of the Air Force must take full account of the specific nature of the Air Force, and must avoid the functionally atrophying tendency that stresses "defense" at the expense of "attack."

### East Region

#### Anhui To Develop Technical Experimental Zone

OWT702193490 Beijing XINHUA in English  
1521 GMT 17 Feb 90

[Text] Hefei, February 17 (XINHUA)—A technical development experimental zone, designed to promote high-tech and new technology, will be set up in Hefei, capital of east China's Anhui Province.

Zhong Yongxian, mayor of Hefei, announced here on Friday that the 2.2-sq km technical development zone will be set up at the foot of Dushu Mountain west of the city.

The zone will have four parts—management and scientific research, industrial production, business management and living and service.

Relying mainly on universities and colleges, scientific research institutes and large and medium-sized enterprises, the technical development zone will give priority to electronics, information technology, laser and new material technology and new energy industries.

The Anhui provincial government has decided to implement preferential policies in taxation, loans and capital construction in the zone, which is scheduled to be completed in 10 years.

This year, 20 million yuan will be allocated to the building of the zone, Zhong said.

The zone has won approval from the State Science and Technology Commission and the Anhui provincial government.

#### Jiangsu Cuts Fixed Asset Investment in 1989

OW0303130090 Nanjing XINHUA RIBAO in Chinese  
8 Feb 90 p 1

[Dispatch by Lu Feixiong (7120 2431 7160)]

[Text] According to the latest information provided by the provincial Statistics Bureau, the total fixed asset investment made last year in our province was 32.129 billion yuan, down by some 5 billion yuan compared with 1988. This reduction was equivalent to one-tenth of the nation's total amount of reduction in such investment and showed a 13.6 percent drop from the province's 1988 figure. As far as investment in local fixed asset projects is concerned, the amount was 27.402 billion yuan, down by 3.7 billion yuan, or a reduction of 12.1 percent, from the 1988 figure. Generally speaking, the requirement set by the state for macroregulation and control was met.

With the reduction in the scale of fixed asset investment, there was an improvement in the investment structure. Of the investment made by the whole people of our province last year, the amount invested by transportation, postal, and telecommunications departments was

7.9 percent more than 1988. Of this, investment in technological upgrading increased remarkably; it was 21.4 percent more than the 1988 investment. Despite the overall curtailment of investment, the amounts of investment made by province's cultural, education, and public health departments remained at the same level as in 1988. Of the collective construction projects in cities and towns, there was a more than threefold increase in the amount invested by scientific research departments, while the investment made by agricultural, forestry, water conservancy, and meteorological departments was more than double the 1988 record. Since there still exist the problems caused by the overheated economy in the past few years, a still heavy task is expected this year in improving the economic environment and rectifying the economic order and in reducing the scale, adjusting the structure, and raising the benefits of investment. The leadership at all levels should not relax in this regard.

#### Jiangsu Port Seeks Foreign Partners at Fair

OW0703023890 Beijing XINHUA in English  
1534 GMT 6 Mar 90

[Text] Shanghai, March 6 (XINHUA)—Nanjing, a port city on the Yangtze River and the capital of Jiangsu Province, is seeking foreign partners for 77 projects and has more than 250 varieties of export products to offer overseas counterparts.

These projects and export products are being displayed at Shanghai's eighth foreign economic and trade fair which opened here early this month, according to Tu Shikang, director of the Foreign Economic Relations and Trade Commission of Nanjing.

The planned Sino-foreign cooperative projects cover machinery, electronics, chemicals, metallurgy, light industry, hardware and construction materials, and export products include textiles, garments, silk fabrics, knitwear, light industrial products, handicrafts, earthenware, hardware, minerals, chemicals, medicines, health care equipment, machinery, complete sets of equipment and electronics.

Tu said 61 contracts with a total business volume of 10.8 million U.S. dollars were signed during the first five days of the fair.

He said Nanjing is a port city with major petrochemical, electronics and meters, machinery and equipment, and construction materials industries. Since the first day of this year, the city has been empowered to do provincial level import and export business.

Tu Shikang said Nanjing has achieved rapid development in foreign economic relations and trade in recent years. Fifteen foreign trade and industrial and commercial firms now have the power to import and export, and 404 enterprises can provide export commodities.

In 1989, exports increased 16 percent to 1.463 million yuan.



Tu said Nanjing now has 95 foreign-invested businesses, and 44 of them have been put into operation. Last year, their exports totalled 7.34 million U.S. dollars.

He also said the Nanjing port is now open to foreign ships.

#### Jiangxi Reports Grain Export Statistics

HK2102041990 Beijing CHINA DAILY in English  
21 Feb 90 p 2

[By staff reporter Duan Bai]

[Text] Nanchang—South China's Jiangxi Province, one of the country's main grain producing provinces, is expected to double its grain exports this year to 120,000 tons.

The province sold 60,000 tons of grain abroad last year. Zhou Zhiping, director of Jiangxi Provincial Foreign Economic Relations and Trade Commission has told CHINA DAILY.

All of the exported grain will be rice. Under the plan, 15,000 tons of high quality rice would be shipped to Hong Kong and the remaining grain to southeast Asia, he said.

Zhou added that Hong Kong would also buy 90,000 pigs from the province.

Jiangxi's total exports are planned at \$536 million this year, 5 percent more than 1989.

Apart from grain, Zhou said the province was expected to sell \$10 million worth of fireworks to southeast Asia and other regions.

#### Shandong Continues To Attract Foreign Investors

OW2002051990 Beijing XINHUA in English  
0820 GMT 19 Feb 90

[Text] Jinan, February 19 (XINHUA)—Jinan, capital of Shandong Province, attracted 125 million U.S. dollars in foreign investment capital last year, equal to the total for the previous decade.

The city signed 73 contracts for projects with 14 countries and regions last year, and the actual paid-in volume stood at 65 million U.S. dollars, equal to about 80 percent of the past ten years' amount.

Meanwhile, the investment was improved dramatically. Ninety-seven percent of the foreign projects are manufacturing ones, and 80 percent of them involve technology transfer and export their products.

In addition, the city's business with Taiwan has increased markedly, with a total contract value of about five million U.S. dollars last year.

A service center for foreign investors and an association of foreign-invested enterprises were set up last year to cater for the needs of foreign investors.

#### Shandong Counties Boost Export Production

OW0503115190 Beijing XINHUA in English  
1033 GMT 5 Mar 90

[Text] Jinan, March 5 (XINHUA)—The value of export goods from 22 counties and cities in east China's Shandong Province exceeded 100 million yuan (about 20 million U.S. dollars) each last year.

Shandong is the one of the country's five open economic areas with 44 counties, cities and prefectures, including Qingdao, Yantai, Weihai, Weifang, Zibo, and Rizhao.

Export goods delivered from Rongcheng, Weidong and Jimo exceeded 200 million yuan each. Rongcheng had the highest total—263 million yuan.

In recent years these counties, most of them agricultural producers, have made great efforts to introduce advanced technologies and good crop varieties to improve the quality of farm products for the international market.

Anqiu County imported five good varieties of tobacco from the United States and invited British experts to give technical guidance in cultivation. The result is that output per unit has quadrupled. The county's exports represent a quarter of the total national tobacco exports.

The counties also imported advanced processing technologies and equipment for agricultural products. Peanuts, a traditional export product since 1909, can now be presented in more than 10 ways and have an annual export value of 40 million to 50 million U.S. dollars.

Their export products also include meat, chicken, shoes, clothing, pottery and porcelain, rubber and plastic goods.

The counties have introduced preferential policies to attract more foreign funds. A number of foreign-funded businesses producing textiles, electric machinery, clothing, arts and crafts, fishery and stationery have been founded.

Some industrial enterprises also process customers' materials, samples and designs.

#### Shanghai Refurbishes Trade Infrastructure

HK1302020790 Beijing CHINA DAILY in English  
13 Feb 90 p 4

[By Huang Xianquang and Gu Da]

[Text] The decade of the 1990s promises to be a busy one for industrial Shanghai, the biggest city in China. Facing a fierce challenge from domestic and international competition, the city wants to find a way to retain its top ranking in the nation's economy.

The only way to boost Shanghai's economy is to go into international competition.

That is to say, the city should insist on an overseas-oriented economy which will not only introduce more foreign capital and develop more business—joint ventures, co-operative productions and more groups of export-oriented enterprises—but will also establish its own multinational enterprises.

Domestically, Shanghai has to cope with many problems, such as capital and energy shortages, rising prices of raw materials, a heavy tax load on enterprises, and more revenues being turned over to the central government.

Internationally, it will meet strong competition in the form of more aggressive protectionism of international trade, tariff and non-tariff barriers, and economic sanctions from developed countries.

However, the value structure of Shanghai's exports is that products with low price and low value, such as light and textile goods, account for more than half of its total exports. The potential export growth of these labor-intensive products is rather limited on the international market.

At the same time, most countries are formulating their strategies for development in order to deal with the changes, reforms and adjustments of the world economy. No doubt, this will be a further challenge to Shanghai's backward management of foreign trade.

It is necessary and feasible for Shanghai to establish its own multinational businesses.

After 10 years of opening up to the outside world, the city has not only accumulated a lot of experience in international trading, but also has trained and developed a large number of overseas-oriented business people.

Currently, developed countries are busy competing with each other in the high-tech area and may have little time and energy to perfect their medium-level technology.

#### **Multinationals**

In order to develop the economy and import foreign capital, some countries are making all kinds of favourable policies for foreign investments, giving Shanghai an opportunity to develop its multinationals.

But only after the following problems are solved can the industrial city have a bright future in setting up multinationals.

- Defining the strategic targets, Shanghai should put together its energy, human resources and financial capacity to develop its own multinationals in accordance with a strategic plan and procedures.
- The government should enact some useful laws. So far, there are no overseas investment laws or regulations. Therefore, with reference to international usage, the central government should formulate overseas joint

venture and investment laws so as to promote the development of Shanghai's overseas economic activities and enhance the movements of capital and products between China and other countries.

Moreover, the government should conclude more bilateral agreements on investment protection and agreements on avoiding double taxation.

—Shanghai has to formulate a complete set of regulations for its overseas investment projects.

—It is urgent that the city train personnel for multinational management. One of the biggest problems is the shortage of qualified overseas-oriented entrepreneurs and international business experts.

In current economic activities, some enterprises are moving toward dealing with multinational business. They should be encouraged by the municipal government.

Some suggestions may be helpful for those enterprises that are new on the stage of multinationals.

Enterprises may select their partners to set up overseas joint ventures or establish sales branches abroad to handle sales, after-sale service, promotion work, marketing research and information feedback. These overseas subsidiaries can be incorporated into and housed by the foreign countries.

Companies can begin to handle assembly operations in foreign markets. They can adopt this strategy because it is more profitable to export disassembled products than whole products.

An assembly operation usually needs less investment but involves a small risk. Tariffs and transportation costs are often lower on unassembled parts and components than on assembled finished products.

When decision makers in companies begin to view the entire world as their theatre of operations, they should plan, organize, staff and control their international operations from a global perspective. When the managers of companies start to think and operate in global terms, their companies will have evolved into true multinational enterprises.

#### **News Analysis Views Shanghai Development Plan**

OW1702184690 Beijing XINHUA in English  
1129 GMT 17 Feb 90

[News Analysis: Shanghai's Development Strategy in 1990]—XINHUA headline]

[Text] Shanghai, February 17 (XINHUA)—Under China's present economic austerity program, Shanghai, the country's largest industrial city, is determined to develop its economy and make greater financial contributions to the state.

Based on this understanding, Huang Ju, vice mayor in charge of the day-to-day affairs of the municipal government, said Shanghai's development strategy this year is to "maintain stability while implementing the economic rectification policy, achieve better efficiency by making structural readjustment and tightening management, and seek development through deepening reform and expanding the opening to the outside world."

Though difficulties—a shortage of funds and a slump market—still exist, the municipality has advantages—exports last year surpassed five billion U.S. dollars, a record high, and 1989 revenue increased 3.4 percent after years of decline.

Because agriculture is being stressed nationwide this year, municipal leaders, including Mayor Zhu Rongji, made investigations in farming areas on the outskirts of the city during the Spring Festival.

The municipal government has long had a clear understanding that the city's agricultural sector, though a small proportion of Shanghai's economy, still has great importance in the city's daily life. It provides half of the pork, 60 percent of the vegetables, 90 percent of the poultry and eggs and all the fresh milk for the city.

Former Mayor Jiang Zemin and the present Mayor Zhu Rongji have both paid great attention to developing agricultural and sideline production centers—the "vegetable basket project."

Vice Mayor Huang Ju said Shanghai will try to get a better return from its agricultural investment (about one billion yuan a year) this year. A leading group has been formed to manage agricultural development funds. In addition, a dozen important agricultural scientific breakthroughs will be applied to help improve economic efficiency.

Industry is the principal part of Shanghai's economy. Economic experts say Shanghai can neither blindly strive for a high development speed nor give up any degree of development. Otherwise, it will affect its commitment to the national revenue and ensure sufficient market supplies.

Municipal authorities plan a four percent increase in industrial production this year to meet a target of 117.1 billion yuan in output value.

According to the municipal Economic Commission, Shanghai is expected to have a good start in industrial production in the first three months of this year due to a sufficient supply of energy, materials and important raw materials.

If the present slack market improves, Shanghai's industrial efficiency could improve. A two percent increase over last year in financial revenue would bring this year's income up to 16.2 billion yuan. The municipality is contracted to pay 10.5 billion yuan into the national treasury this year.

More attention is being paid to readjustment of the industrial structure. A 300,000-ton ethylene project expected to be completed in April this year will relieve the shortage of basic raw materials. Projects to produce thin and moderately thin steel sheets will expand the variety and improve the quality of iron and steel products.

Municipal authorities are determined to improve the efficiency of enterprises in the next two or three years by forming closely tied enterprise groups and giving them the power to independently manage imports and exports in order to revitalize Shanghai's competitiveness and expand its exports. Formation of 17 enterprise groups, including chlorine and soda, tires, clocks and wrist watches, bicycles, umbrellas, textiles, wire and cable, and medical equipment, are under consideration.

In the 1980's, Shanghai absorbed some 5.2 billion U.S. dollars of foreign capital, half in direct foreign investment.

In the 1990's, Vice Mayor Huang Ju said: "Shanghai will further expand its opening to the outside world."

Construction of foreign-funded urban capital construction projects, including the subway and a waste water treatment plant, will be speeded up. At the same time, development of the area east of the Huangpu River, largely with foreign capital, is on the agenda for this year.

The municipal government is also concerned about foreign-funded enterprises. A regulation stipulating timely treatment of complaints from foreign investors has been promulgated.

#### **Shanghai Publishes Foreign Investment Guidelines**

OW0503102890 Beijing XINHUA in English  
1438 GMT 4 Mar 90

[Text] Shanghai, March 4 (XINHUA)—China's largest industrial city Shanghai will encourage foreign investment in export-oriented, technologically advanced, and energy-efficient projects as well as production of new materials and new products this year, the municipal government announced Saturday.

Ye Longfei, vice director of the Shanghai Municipal Commission of Foreign Investment, told local foreign businessmen at a press conference that they are welcome to invest in 200 designated projects covering machinery, electronics, chemicals, instruments, light industrial products, textiles, medicine and health products, building materials, agriculture, animal husbandry, and the new technology industry.

According to Ye, foreign businessmen are encouraged to invest in:

—projects involving new technology, new equipment, new materials, and new products that are absent in China;

- projects that can help upgrade existing enterprises, improve the quality of products, and boost exports;
- projects that are technologically advanced, energy-efficient, and profitable;
- projects that help improve infrastructure and the production of energy and industrial materials; and
- projects that help promote export-oriented agricultural production.

The Government will restrict overseas businessmen to invest in the production of goods which involve technology already introduced into the country and are in ample supply on the domestic market, according to Ye.

However, Ye said, foreign investment in such production will be allowed if existing production facilities can be upgraded, raw materials can be obtained from the world market, and 70 to 80 percent of the products can be exported.

Investment in nonproductive projects such as hotels, apartment buildings, and office buildings will not be encouraged in principle in the near future, Ye added.

Last year, Shanghai approved 199 foreign-funded projects with a total investment of 360 million U.S. dollars. Of the total, 179 are industrial projects with a combined investment of 183 million U.S. dollars, accounting for 90 percent and 50.9 percent respectively.

### Shanghai Industry, Foreign Exchange Develop

HK2602013390 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 26 Feb 90 p 9

[By Geoff Crothall]

[Text] While Shanghai's overall economy fell into a steep decline last year, the city's premier economic development zone almost doubled its industrial output and more than trebled its foreign exchange earnings compared with 1988.

Industrial output in the Minhang Zone, in the southwest of Shanghai, reached 680 million yuan (about HK\$1.12 billion) and foreign exchange earnings rocketed to over US\$40 million, Mr Lu Youming, the zone's general manager said at the weekend.

The municipal government approved 18 new foreign-funded ventures last year, bringing the total number of foreign firms in the zone to 61, with a total contracted investment of US\$300 million, Mr Lu said.

However, local investment analysts pointed out that the spectacular growth recorded at Minhang was largely the result of existing enterprises gearing up.

"The enterprises approved last year were fairly small-scale businesses primarily funded from Hong Kong and Southeast Asian countries," one analyst said.

Most ventures are manufacturing and processing businesses producing for the domestic and export markets. As such they all suffered from the decline of domestic market and shortages of credit and raw materials, analysts say.

Output and profits, while certainly increasing, have fallen well short of most enterprises' original projections, businessmen located in the zone said.

Nevertheless, Minhang and Shanghai's newest economic development zone in Caohejing remain by far the best locations in the city for foreign investors, analysts say.

The zones, first established in 1986, are self-contained industrial estates, with excellent communications, water and power supply and telecommunications links.

Minhang boasts its own customs house, banks, tax office, insurance agents, a legal advice centre and a freight company, Mr Lu said.

### Shanghai Ends 1989 Taxation, Price Survey

OW0303130490 Shanghai Voice of Peking in Mandarin to Taiwan 1000 GMT 15 Feb 90

[Text] Shanghai has basically completed its 1989 general survey of taxation, finance, and commodity prices. By the end of January, it uncovered more than 800 million yuan, that should be delivered to the state coffers. The figure was a 34.7-percent increase over the same period of last year. Approximately 700 million yuan, or 84 percent of the total, has been delivered to the national treasury.

### Zhejiang Continues To Attract Foreign Investors

OW2002040990 Beijing XINHUA in English 0720 GMT 19 Feb 90

[Text] Beijing, February 19 (XINHUA)—By the end of last year east China's Zhejiang Province had a total of 440 foreign-funded enterprises involving 3.258 billion yuan (about 690 million U.S. dollars), according to today's "WORKERS' DAILY".

The output value of these enterprises, located in 54 cities and counties in the province, reached 1.17 billion yuan (some 250 million U.S. dollars) last year, an 89 percent increase over 1988.

These enterprises made 65 million yuan (13 million U.S. dollars) in total profits and paid about 40.63 million yuan (8.6 million U.S. dollars) in taxes last year, 20 percent and 50 percent more, respectively, than in 1988.

### Zhejiang To Build More Electric Power Plants

OW23021230990 Beijing XINHUA in English 0910 GMT 23 Feb 90

[Text] Hangzhou, February 23 (XINHUA)—East China's Zhejiang Province will spend a record 1.02



billion yuan (about 217 million U.S. dollars) on building electric-power plants this year.

A local official in charge of the power industry said the plants will have a combined capacity of 1.25 million kilowatts, or 30 percent more than that of all generating units installed in the 1981-85 period.

Plants with a combined generating capacity of 1.225 million kilowatts are due to go into operation this year. Last year the province added to its electricity-generating resources plants with a total capacity of 335,000 kilowatts, as well as a number of transmitting projects and substations.

By the end of last year, 98 percent of Zhejiang's townships were supplied with electricity.

### **Central-South Region**

#### **Guangdong's Guangzhou Facing Unemployment**

*HK2102012990 Hong Kong HONGKONG STANDARD in English 21 Feb 90 p 6*

[B: Tammy Tam]

[Text] Guangzhou, one of China's richest coastal cities, is facing a peak of unemployment amid the country's austerity drive, according to official statistics.

Figures revealed by the Guangzhou Labour Bureau show that 180,000 job seekers, including university graduates, have to compete for 80,000 vacancies available this year.

This has pushed the city's unemployment rate to about four percent, the highest since the late 1970s.

It is mainly a result of the drastic decrease in labour demand by local enterprises in the past few months, according to the Hong Kong China News Agency.

The city's unemployment rate tops the countrywide average of 2.3 percent. More than 3.4 million people in China are jobless.

Observers pointed out that it was another alarming sign of the country's serious unemployment problem, which is worsening under the current readjustment of the economy.

Sources in Guangzhou yesterday told THE HONGKONG STANDARD that local government officials saw the figures as a major problem.

They said the city was suffering a reduction in growth rate of more than 20 percent.

"Guangzhou would usually be able to manage its own employment under the open policy," said one local analyst.

"With the setting up of many private businesses, the unemployment rate was kept very low in the past few

years. Guangzhou even provided outsiders with many job opportunities and that was why so many people flooded to the city."

It is believed the municipal government has examined ways of reducing the unemployment rate, but so far no effective measures have been taken.

The source said: "To avoid an economic crisis, the central government has taken measures to protect heavy industry and important joint-venture projects while sacrificing other less important enterprises."

"Guangzhou is seriously affected since most of its enterprises are involved in either light industry or are of medium and small size, which are not entitled to the government's protection."

The problem has been made worse because many of the collectively-owned and private enterprises which provided jobs have had to close as the central government tightens money supply and strengthens tax collection.

Other businesses are cutting staff or putting tighter controls on staff recruiting.

The practice of employing contract workers was already cancelled under a recent regulation of the local government.

"That is because the local government wants to have an overall employment arrangement which secures the budget for full time workers' salaries," said the source.

Despite the growing unemployment problem in Guangzhou, tens of thousands of job seekers from other provinces keep flooding into the city in the hope of finding work.

Beijing is well aware of the problem and Premier Li Peng recently urged local governments to work out measures to cope with it.

#### **Power, Water in Guangdong SEZ To Improve**

*HK1602020990 Beijing CHINA DAILY in English 15 Feb 90 p 2*

[B: our staff reporter Huang Xiang]

[Text] Power and water shortages, the two biggest headaches facing business managers in Shenzhen in recent years, are expected to be eased soon.

CHINA DAILY learned from a recent symposium in Shenzhen that several power and water projects are either well underway or nearing completion.

Four power generating units, supplying 315,000 kilowatt-hours of electricity daily to local power consumers, will start operation by the end of this month, said an official with the municipal government.

About 6,000 industrial enterprises in Shenzhen require a total daily power supply of 620,000 kilowatt-hours when the current supply is 370,000 kilowatt-hours, according to the official.

In past years many factories in Shenzhen have run on 60 percent of their capacity, a situation local economists blame for poor efficiency.

"I consider it (power shortage) the biggest headache. We can do better if more power is guaranteed," said a manager at an aluminium plant at the meeting.

In 1989 the total value of industrial output in Shenzhen topped 11.65 billion yuan (\$2.5 billion), making it the fastest growing industrial region in China.

The municipal government is also planning a 750,000 kilowatt coal-fired power plant in Shenzhen to back further development.

The official expected the State Council to approve the project late next month.

Water shortage, which also plagues neighbouring Hong Kong, is expected to be "greatly alleviated in the near future," in the words of an official from a government-run investment service centre.

The municipal government has launched one water-division and one reservoir expansion project. The first phase of the two projects is due to be completed in September.

### Guangdong Efforts To Check Rural Transient Flow

CH/14022/4190 Beijing XINHUA in English  
0713 GMT 13 Feb 90

[Text] Beijing, February 13 (XINHUA)—The Guangdong provincial government in south China has made efforts to check the pouring rural laborers into cities hoping to find a job.

Rural people from all over the country have poured into the Guangdong Province at a rate of 10,000 per day by train since the beginning of this month.

The situation began after the spring festival on January 27 and there seems to be no way of stopping it, the Guangzhou-based "NANFAN DAILY" reported.

The people, mostly farmers from all over the country, poured into the coastal province in the hope of looking for good jobs and good money as well as possibly striking it lucky.

Last spring saw a similar mass influx of rural laborers toward China's big cities.

A latest survey showed that many of such guest workers have to stay in railway stations along the Beijing-Guangzhou railway, one of the country's most important north-south trunk railways.

In the Wuhan railway station of Hubei Province alone, 50,000 to 60,000 transient laborers have been held up because of the country's current inadequate transportation capacity. The labor bureau of Guangdong Province urged its officials at all levels in an emergency circular to try their best to persuade the farmers to return to their home towns.

An official for the provincial bureau said that the present supply of laborers will have exceeded its demand in the labor market due to the country's austerity program.

The provincial government urged those who have already entered the province to return to their home towns as soon as possible except those who are still working in the province under contracts approved by the local labor authorities.

### Guangdong Vice Governor Outlines 1990's Tasks

HK/202124290 Guangzhou Guangdong Provincial  
Service in Mandarin 1000 GMT 10 Feb 90

[Text] According to YANGCHENG WANBAO, yesterday afternoon, Zhang Gaoli, vice governor of Guangdong Province, gladly told more than 300 factory directors and managers gathered in Guangzhou, that Guangdong will mainly concentrate efforts on accomplishing the following five tasks in the 1990's, with a view to bringing about a fundamental improvement of Guangdong's work: 1) To readjust the industrial and product structure; 2) To concentrate limited funds on developing energy, communications, telecommunication, raw material, and some other infrastructural industries; 3) To increase electric energy production to 7.5 million kilowatt hours within the next six years; 4) To build 10 expressways with Guangzhou as the center, further improve provincial post and telecommunication networks, and build several key raw material production projects; 5) To speed up economic development in both the western and eastern parts of Guangdong while accelerating the economic development in the Zhujiang Delta, make redoubled efforts to speed up the economic development of the old liberated areas, areas inhabited by ethnic minorities, remote and poverty-stricken areas, as well as mountainous and border areas, tap the latent potentialities of Guangdong's existing industries, further stabilize existing policies, develop a variety of economic ingredients on the basis of the system of ownership by the whole people, and build and develop more export-oriented enterprise by making full use of Guangdong's favorable geographical location.

### Foundation for Guangdong SEZ Industrial Zone

HK/0902125290 Hong Kong WEN WEI PO  
in Chinese 9 Feb 90 p 1

[Report by Lin Yu-tung (2651 5940 2767): "Foundation-Laying Ceremony Held for the Futian Bonded Industrial Zone"]

[Text] Shenzhen, 8 Feb.—The Shenzhen Futian bonded industrial zone, the largest bonded industrial zone in China which has a special topographical position, enjoys preferential policies, and is open widely to the outside world, officially held its foundation-laying ceremony today. Shenzhen Vice Mayor Li Chuanfang, relevant departments of the city, and some 200 guests from Hong Kong, Taiwan, and Singapore took part in the foundation-laying ceremony.

According to Vice Mayor Li Chuanfang, the Shenzhen government will entrust the China Shenzhen International Economic and Technological Cooperation Corporation to develop construction in the form of attracting foreign capital and strive to complete the project within six to eight years, with a total investment involving three billion yuan.

The outstanding characteristic of the Futian bonded industrial zone, located in Shenzhen's Huanggang and separated from Hong Kong by a bridge, is a zone totally sealed by wire. Materials and vehicles can freely enter or exit the zone from Hong Kong without undergoing customs examination in Huanggang. The means of production, office articles and stationery, and daily necessities of personnel coming from Hong Kong are exempt from customs duties. It is like a small duty-free zone and free port. Moreover, the investment procedures are simpler than in the Shatoujiao bonded industrial zone. The management committee authorized by the Shenzhen government shall perform the function on behalf of the government and practice "one way administrative management," that is, go through the formalities only once. Other problems such as labor, industry and commerce, customs, and electric supply can all be resolved at the same time.

The applications submitted by businessmen for investing in enterprises here can generally be examined and approved within 10 days. The management committee will exercise management in light of the methods applied by the free trade zones and export processing industrial zones of all countries.

The industrial zone occupies an area of 1.7 square kilometers, with a floor space of three million square meters, the scale which is double the size of the Gaoming processing industrial zone in Taiwan.

It has been reported that Hong Kong's Li Ka-shing, Japan's Kumagai Gumi, South Korean businessmen, and dozens of manufacturers are now holding talks in Shenzhen on investing in the industrial zone. The industrial zone requires all kinds of capital-intensive and technology-intensive type enterprises, and encourages export of all products.

#### Guangdong Plans To Increase Production of Grain

HK1202095190 Hong Kong TA KUNG PAO  
in Chinese 1 Feb 90 p 2

["Special dispatch"] "Guangdong Plans To Produce 36 Billion Jin of Grain in 1990"

[Text] Guangzhou, 31 January—With the start of the Year of the Horse, the Agricultural Department of Guangdong Province has set the goal of a grain output of 36 billion jin this year. It also plans to establish throughout the province 29 seed-breeding base counties and 36 ton-grain [as published] towns.

According to the demands of the plan, Guangdong's grain output in the coming five years is to reach 40 billion jin of grain. Before the Gravesweeping Festival this year, a plan to breed early-crop seed strains and crossbreed the best of early-crop species will be carried out. This year, 20 million mu of land will be devoted to crossbred rice strains. The area thus devoted will be 25 million mu next year and 30 million mu the year after. In addition, the various towns and townships are all to establish agricultural technology promotion stations at their given level. The number of agricultural technology personnel assigned to them by the area in charge is to reach 80 percent.

#### Guangxi To Rectify Highway, Water Transport

HK2302095290 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0345 GMT 16 Feb 90

[Report: "Guangxi To Vigorously Rectify Its Highway and Water Transport System This Year"—ZHONGGUO XINWEN SHE headline]

[Text] Nanning, 16 Feb (ZHONGGUO XINWEN SHE)—According to forecasts made by the Guangxi Regional Transport Department, this year's planned volume of passengers transported by highway, which ranks first in Guangxi's transport and communications, will account for 80-90 percent of the total passenger volume and the volume of goods transported by highway will account for three-quarters of the total volume of goods transported.

Since the implementation of the policy of opening up and invigorating the economy, there have been tremendous developments in Guangxi's highway transport. Collective and self-employed transport businesses, in particular, have grown even faster. According to statistics, there were over 53,000 civilian vehicles in the region in 1983, but there are over 110,000 vehicles now. Self-employed automobile transport industry was non-existent before; now, however, self-employed transport businesses have 240 percent more vehicles than state-run transport enterprises and 90 percent more vehicles than collective transport enterprises.

Guangxi's water transport has also made considerable headway in the past few years. The Zhu Jiang water system, including Xi Jiang, Xun Jiang, Qian Jiang, Hongshui He, and Nanpan Jiang, leads to Yunnan and Guizhou in the upper reaches and to Guangzhou in the lower reaches. There are over 11,400 civilian vessels of all kinds, big and small, in the region, and the volume of freight transported by waterway reached 17 million tons

last year. Now, the number of vessels owned by self-employed businesses is about 10 times that owned by state-run shipping enterprises.

A responsible person of the provincial communications department said: The rapid growth of highway and water transport has played a major role in promoting Guangxi's economy. However, while stressing opening up and economic invigoration, we have neglected macro regulation and control and failed to coordinate reform measures and amplify laws and regulations, thus bringing about an increasingly serious problem in the transport market. More than 2,500 township and town vessels are operating without a license and several thousand vehicles have not gone through the procedure for legitimate operations. Various cases of transport in violation of laws and regulations have occurred despite repeated prohibitions.

The responsible person said: The focus of improvement and rectification this year is to "eliminate chaos," which will be carried out in three stages. As an important aspect, all localities will, in coordination with the annual inspection, strictly examine the qualifications of all vehicles, vessels, and transport businesses; screen in an all-round way and resolutely ban illegal operators; and gradually establish and improve transport market regulations and strengthen market management.

#### Guangxi Plans Big Increase in Grain Output

HK1402012590 Nanning Guangxi Regional Service  
in Mandarin 1100 GMT 13 Feb 90

[Excerpts] Guangxi will soon embark on a large-scale comprehensive technology project aimed at increasing grain output by a large margin between 1990 and 1992.

The project mainly consists of the following three aspects: 1) Build five million mu of high-yield demonstration fields; 2) Build one million mu of grain-growing fields; 3) Transform two million mu of low-yield and middle-yield fields. [passage omitted]

The project is aimed at increasing Guangxi's per mu grain yield by over 10 percent each year with a view to increasing it by 1.2-1.5 billion jin within the next three years.

The project plan has been jointly studied by the Guangxi Zhuang Autonomous Regional Science and Technology Commission, the regional Agriculture Department, the regional Supply and Marketing Cooperative, and the regional Water and Electricity Department. A leading group, headed by Li Zhengqian, vice chairman of the regional people's government, has been set up to oversee the construction and progress of the project. Prefectures, cities, counties, and townships will also set up their own corresponding leading groups.

The project is also aimed at further mobilizing the broad masses of scientific and technological personnel to go to

the rural areas to popularize agriculture-oriented science and technology. [passage omitted]

#### Hainan Meeting Views Transient Laborer Problem

HK1202021190 Haikou Hainan Provincial Service  
in Mandarin 2300 GMT 9 Feb 90

[Excerpt] The provincial party committee and government yesterday afternoon called leaders of the relevant departments to a meeting to take measures against the influx of transient laborers from other parts of the country into our province.

Since mid-March last year, our province has tracked down 450,000 transient laborers by all manner of means, and more than 200,000 have been sent back where they came from. In spite of the good results, the influx of transient laborers remains a dire threat to our province. Beginning from 1 February, thousands of them are swarming into our province every day. This has created many difficulties to various departments of our province due to the lack of unified command and leadership and close coordination of these departments. Thus the task of stopping the influx is still very hard.

For this reason, the meeting called on various departments to be subject to the unified command and leadership of the provincial party committee and government and handle the issue in a comprehensive way. Meanwhile, public security offices, civil administration organs, departments of transportation and communications, and labor departments were called on to act in close coordination with People's Liberation Army units stationed in the province in the fight against the influx of transient laborers. [passage omitted]

#### Henan Increases Machinery, Electronics Exports

OH020213190 Beijing XINHUA in English  
1507 GMT 2 Mar 90

[Text] Zhengzhou, March 2 (XINHUA)—Central China's Henan Province plans to further increase exports of machinery and electronic products, according to the provincial Commission of Foreign Economic Relations and Trade.

Last year, Henan exported 107 million U.S. dollars' worth of machinery and electronic products, up by 22.6 percent over 1988.

At a recent trade fair in Zhengzhou, the provincial capital, transactions with foreign firms involving 14 million U.S. dollars worth of machinery and electronic products were concluded.

Henan provincial authorities have worked out plans to boost export-oriented production of machine tools, engineering machinery, farm machinery, motors, electrical instruments, audio-video and telecommunications equipment, bearings and abrasives, and grinders.



A commission official said the province has great potential for export production of machinery and electronic products.

He said the province has imported 100 pieces of equipment and technology to upgrade the machine-building and electronic industries since 1980.

### Henan Does Well in Developing Agriculture

HK1802053090 Zhengzhou Henan Provincial Service  
in Mandarin 1030 GMT 16 Feb 90

[Excerpts] Our province takes the comprehensive development of agriculture as a matter of prime importance in invigorating its rural economy. [passage omitted]

In the past two years, the province has achieved marked results in expanding agricultural production in an all-round way. Since 1988 the province has comprehensively developed agriculture in three major areas. They are: 1) The farming area in the Huanghui Plain, 2) the dry farmland on hills in the mountain areas, and 3) the wheat and rice-growing area along the Hai He river basin. Governments at all levels have set up leadership groups for agricultural development with their principal leaders as heads. [passage omitted] Meanwhile, the provincial government also follows some special preferential policies such as awards for scientific and technological achievements to attract more scientific and technical personnel to take part in comprehensive development projects of agriculture. There have been about 15,000 scientists and technical personnel engaged in comprehensive development of agriculture throughout the province, who have spread more than 220 advanced practical agricultural skills and set up 10 experimental areas for comprehensively developing agriculture by means of science and technology, each covering 10,000 mu of land. More than 40 million peasants have been technically trained across the province. After two years of comprehensive development, the province has increased development on: over 2.57 million mu of irrigated farmland, over four million mu of farmland which ensures stable yields despite drought or excessive rain, and over 4.7 million mu of afforested areas, and has tackled more than 3,700 square km of a small river basin. [passage omitted]

### Henan's Enterprise Economic Results Remain Low

HK1602074990 Zhengzhou Henan Provincial Service  
in Mandarin 2300 GMT 14 Feb 90

[Text] Data from eight major economic indexes, released jointly by the Henan Provincial Statistics Bureau, the Henan Provincial Planning and Economic Commission, the Henan Provincial Finance Department, and the Henan Branch of the People's Bank of China, show that last year, Henan successfully placed her social demand under effective control and achieved initial results in improving her economic environment and rectifying her economic order.

Nevertheless, Henan's enterprise economic results remained low in 1989. Therefore, one of Henan's urgent tasks at present is to increase her enterprise economic results. Statistics also show that in 1989, a total of 8.3 billion yuan was invested in the fixed assets of Henan's enterprises under the system of ownership by the whole people, representing a 10.8-percent decrease over the previous year.

Xinyang Prefecture, Zhoukou Prefecture, (Luobe) City, Kangfeng City, and Luoyang City did a better job of curtailing social demand and tightening bank loans throughout the province. By the end of 1989, Henan's bank loan balance stood at 51.154 billion yuan, an increase of 6.225 billion yuan compared with that at the beginning of 1989.

In 1989, Henan's industrial production experienced a number of temporary difficulties, such as a slow increase in labor productivity, a rapid increase in product cost, a sizable fall of profits and tax rates on sales, and a sizable fall of profits and tax rates on funds. According to an analysis, the situation at present shows that the low economic results of Henan's enterprises have been caused by a number of unpredictable market changes. However, from a long-term point of view, the low economic results of Henan's enterprises have been caused by Henan's irrational economic structure and imperfect economic system, which further exposes a variety of economic contradictions that have accumulated over the past few years and brings to light a new problem that has emerged in the course of the campaign to improve the economic environment and rectify the economic order.

### Hubei Joint Ventures Achieve Good Results

OH0603111590 Beijing XINHUA in English  
0910 GMT 6 Mar 90

[Text] Wuhan, March 6 (XINHUA)—The total of 94 foreign-funded enterprises in central China's Hubei Province achieved a production output value of more than 500 million yuan (about 1.60 million U.S. dollars) last year, a 92 percent increase over the figure for 1988.

Last year 20 new foreign-funded firms went into operation here.

To attract more foreign funds, the provincial government and related departments have made great efforts to help the foreign-funded enterprises to solve problems in their production like supplies of electric power and raw materials.

According to the provincial economic and foreign trade bureau, they specially arranged to supply them with an extra 20 million kwh of electricity and 2,000 tons of rolled steel. And the national bank also provided loans of five million U.S. dollars and 40 million yuan.

Now 80 percent of the 94 foreign-funded enterprises are making profits.

### Hubei Takes Measures To Curb Unemployment Rate

OW1702193890 Beijing XINHUA in English  
1452 GMT 17 Feb 90

[Text] Wuhan, February 17 (XINHUA)—Governments at all levels in central China's Hubei Province have taken all possible measures to bring down the urban unemployment rate.

The province found employment for 159,000 urban residents last year, 20 percent more than planned. The province's unemployment rate has come down to 1.6 percent.

Last year, the province was faced with its third employment peak since the founding of the People's Republic in 1949. Production slowdowns and shrinkage in some businesses led to a sharp increase in the number of surplus laborers, worsening the unemployment problem.

To solve the problem, governments at all levels formulated preferential policies to encourage and aid the unemployed to launch collective and private businesses and expand labor-intensive undertakings.

Labor service companies in the province are "reservoirs" to give jobs to unemployed people. Last year the number of such companies increased to 3,300, employing 10,000 urban residents.

Rural enterprises in the province also provided jobs for the urban unemployed. Last year, 12,000 urban unemployed found jobs in rural enterprises.

The unemployed are given temporary jobs after training in accordance with the needs of the enterprises. Last year 31,000 people were given such jobs.

The province's labor departments have also offered better services to the job seekers. The 440 employment agencies and labor service exchange organs in the province have provided service to 200,000 job seekers over the past year.

### Hubei Province Views 1989 Economic Progress

HK1502022790 Wuhan HUBEI RIBAO in Chinese  
15 Jan 90 p 1

[Report by special correspondent Wu Ruliang (0124 1172 5328): "Hubei Made Marked Headway in Improvement and Rectification Last Year"]

[Text] This reporter learned from the provincial planning conference held on the 12th that thanks to the joint efforts of the people of the whole province, our province made marked headway in the effort toward improvement and rectification and the deepening of reform last year. The overheating of the economy that had lasted for several years had cooled down. Investment demand was reduced. The volume of bank loans and the supply of money were brought under effective control. The rise in retail commodity prices had gradually dropped from

month to month. The general situation about the execution of national economic and social development plans is good. This shows that the series of improvement and rectification measures taken by the party Central Committee and the State Council with the emphasis on controlling demand and restructuring having played a positive role.

Agricultural production was resumed relatively quickly. Except for cotton, relatively good harvests were achieved in regard to the output of main agricultural products. The provincial party committee and the provincial government adopted a series of measures to strengthen agriculture, giving an effective boost to agricultural production and realizing the goal of "one year of natural disasters only to be followed by resuming the next year." It was estimated that the province's total agricultural output value would rise 5.6 percent over the preceding year, with the annual plan fulfilled. It was estimated that the province's total grain output would reach 23.7 million tons, an increase of 5.2 percent over the preceding year, setting the highest level in history. A bumper harvest of oil-bearing seeds was achieved. It was estimated that total output would show an 18.3 percent increase over the preceding year. The number of pigs taken out of pens for sale would rise two percent over the preceding year. Output of aquatic products was estimated to be 5.1 percent more than in the preceding year. All annual plans would be basically fulfilled.

Given rectification, town and township enterprises still maintained a certain pace of growth. It is estimated that total output value of the province's town and township enterprises would grow 13.8 percent over the preceding year. Output value of relevant town and township industries is estimated to increase 13.6 percent.

The excessively high rate of industrial growth had leveled off. According to initial estimates, the province's total industrial output value covering industries at the village level and below would reach 74 billion yuan, an increase of six percent over the preceding year, with 101 percent of the post-rectification annual plan fulfilled. As far as output of main industrial products is concerned, energy output showed a steady increase, output of important raw materials rallied from month to month, and annual plans for raw coal, crude oil, generated energy, steel, rolled steel, pig iron, coke, phosphate rock, pyrites, and so on, could be fulfilled. There was a continuous increase in the production of support-agriculture industrial products. Annual plans for synthetic ammonia, chemical fertilizers and insecticides could be basically fulfilled. Output of light industrial products closely related to people's living, such as edible sugar, salt, detergents, matches, and so forth showed a steady increase.

Fixed-asset investment was scaled back. Priority construction was strengthened. From January to November of last year, the amount of the whole province's realized fixed-asset investment was 4.57 billion yuan, a decrease of 1.92 billion yuan, or 29.6 percent, compared with the

corresponding period of the preceding year. The amount of realized local investment involved was 2.91 billion yuan, a decrease of 36.8 percent. Of the investments by all the people, the realized investment in capital construction was 2.907 billion yuan, a decrease of 26.8 percent. The realized investment involving upgrading and transformation was 1.66 billion yuan, a decrease of 31.4 percent. Simultaneously with the scaling back of the size of investment, a number of priority projects were retained on a priority basis. In the agricultural field, there were the Xibeikou Reservoir, the Taohe Reservoir, the Jiangnan Plains project, comprehensive agricultural development bases in the hilly areas north of Hubei, and bases for agricultural and commercial products of various kinds which are well-known, of a special nature and of good quality. In the industrial and transportation fields, there were the Qingjiang Geheyan Hydroelectric Station, the Hanchuan Power Plant, the Puqi Paper Mill, and the Wuhuang Highway. In the scientific and educational fields, there were four universities and provincial scientific and educational institutes, and so forth. It was estimated that the amount of the province's local social fixed asset investment would drop 30 percent compared with the preceding year.

Urban and rural markets were relatively stable. The rise in commodity prices dropped from month to month. The urban and rural markets in various parts of the province were generally relatively stable. The supply situation of nonstaple food, especially vegetables, meats, eggs, and so forth was relatively satisfactory. It was estimated that the province's total retail sales of social commodities would increase 6.7 percent over the preceding year. From January to November of last year, the prices of the province's retail commodities rose 18.6 percent over the corresponding period of the preceding year. The rise in commodity prices dropped from 23.6 percent in January to 9.4 percent in November. There was a marked drop in those newly increased prices that year. There was a relatively good supply of nonstaple food, industrial products of everyday use, and so forth that are closely related to the life of the masses.

There was a turn for the better in the credit and money situation, with a relatively quick increase in savings by urban and rural residents. New headway was made in the use of foreign capital, with readjusted plans fulfilled in foreign trade and exports. It was estimated that the province's use of foreign capital would involve \$88 million, with 106.7 percent of the annual plan fulfilled. It was estimated that the province's fulfilled readjusted plans in foreign trade and exports would drop five percent, compared with the preceding year [as published].

Our province's 1989 improvement and rectification work has been marked with certain results. But so are profound problems affecting economic stability have basically not been solved. In the process of solving existing problems, some new ones have appeared. The main problems are: Industrial production was not stable, with too sharp a drop in the rate of growth. In the face

of accumulated stocks of products and sluggish market sales, some enterprises lack an ability to adapt to the situation. Despite a large amount of capital put in, quite a large part of the money has been eaten into by stocks of finished products piling up, unsettled accounts and poor returns.

#### Hunan Attracts More Foreign Investment

OW0503082290 Beijing XINHUA in English  
0646 GMT 5 Mar 90

[Text] Changsha, March 5 (XINHUA)—Southern China's Hunan Province signed 126 contracts on introducing foreign investment last year involving 122 million U.S. dollars.

The figure is 8.8 times that of 1988, according to the provincial statistics bureau.

Last year the province's compensation trade volume reached 14.91 million U.S. dollars, which is 2.3 times the figure for 1988.

A local official disclosed that 90 percent of the 6.43 million U.S. dollars directly invested by foreign businessmen last year went into the energy and raw material industries.

Of the province's 119 foreign-funded enterprises, 67 have already gone into operation. They earned 14.45 million U.S. dollars last year, 63.3 percent more than in 1988.

#### Hunan Province Exceeds Foreign Trade Target

OW2402072190 Beijing XINHUA in English  
1533 GMT 23 Feb 90

[Text] Zhengzhou, February 23 (XINHUA)—Foreign-invested enterprises in central China's Hunan Province earned 18.27 million U.S. dollars from exports last year.

The province's target last year was 10 million U.S. dollars, according to a local official.

The province started to draw foreign investment in 1980. So far, 157 joint and cooperative ventures and solely foreign-funded enterprises have been set up in the province.

This year, these enterprises are expected to earn 20 million U.S. dollars from exports.

### Southwest Region

#### Guizhou Congress Continues Session

##### Committee Chairmen Report

HK2202134590 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 19 Feb 90

[Excerpts] The Third Session of the Seventh Guizhou Provincial People's Congress held its second meeting on the afternoon of 19 February.

The executive chairmen for the meeting were permanent chairmen of the presidium Liu Zhengwei, Zhang Yuhuan, Su Gang, Ding Tingmo, Liu Hanzhen, Luo Dengyi, Zhou Yansong, Wang Zhenjiang, Liang Wang-gui, Luo Shangcai, Qiao Xueheng, and Li Jifeng. The meeting was presided over by Luo Dengyi.

Provincial Planning Committee Chairman (Yao Jiyuan) delivered a report on the implementation of the 1989 plan of Guizhou Province and the draft of the 1990 plan for economic and social development. He said: In 1989 our province seriously carried out the policy of improving the economic environment and deepening the reform. It made obvious progress in improving the economic environment and rectifying the economic order and fresh progress in deepening the reform. The national economy continued to grow, agriculture reaped a fairly good harvest, industrial production developed moderately, the scale of investment in fixed assets began being reduced, the market became comparably stable, and the price rises became slower month by month. The province's GNP reached 24 billion yuan, fulfilling 97.3 percent of the year's plan, an increase of 4.9 percent over the preceding year. The gross output value of industrial and agricultural production was 32.883 billion yuan, accomplishing 97.8 percent of the year's plan, a rise of 6.9 percent over the previous year. Local financial revenues amounted to 3.11 billion yuan, an increase of 19.83 over the previous year. [passage omitted]

Provincial financial department head (Zhao Zhixi) made a report on the implementation of the 1989 financial budget of Guizhou Province and the draft of the 1990 financial budget. He said: The province's revenues in 1989 reached over 3.11 billion yuan, accounting for 111.08 percent of the year's budget, an increase of 19.83 percent over the previous year. Expenditures came to more than 4.49 billion yuan, amounting to 106.8 percent of the year's budget, a rise of 24.4 percent over 1988. [passage omitted]

#### Governor's Work Report

HK2402041890 Guiyang Guizhou Regional Service  
in Mandarin 2300 GMT 21 Feb 90

[Excerpts] In his government work report delivered at the third session of the seventh provincial people's congress, Governor Wang Chaowen pointed out that the province has achieved initial results in the economic improvement and rectification. He gave his audience an account of how the measures for the economic improvement and rectification were initially carried out in six fields last year.

1. Initial achievements were made in screening companies and reducing the investment in fixed assets. By the end of last year, 4,149 projects had been screened, of which 328 were suspended and shut down, reducing the investment by 450 million yuan. Last year state-run units' investment in fixed assets totaled 3.081 billion yuan, decreasing by 4.4 percent from the previous year.

2. The excessive growth in consumption funds was brought under control. The growth of institutions' purchasing power throughout society decreased by 19.4 percent, the purchasing power for special supplies was slightly lower than the previous year, and the total wages of workers for the whole year increased by 10.2 percent, as compared with 17.9 percent for the previous year.

3. The momentum of price increases gradually subsided. The retail price index of commodities last year increased by 17.4 percent, with its growth rate being two percent lower than the previous year's. The prices of agricultural and side-line products were stable or lower than the previous year's. Fewer people expected price hikes.

4. The tense financial situation improved. Last year the total amount of savings in the bank increased by 1.69 billion yuan over the previous year, total loans increased by 1.76 billion yuan, and the money supply decreased by 440 million yuan.

5. The work of screening companies made headway. 807 companies were closed down, and another 643 companies are due to be shut down. All county-level party and government cadres, including retired cadres who had worked for companies, quitted. Confusion in the circulation link was initially held in check.

6. The provincial Discipline Inspection Commission and other professional supervisory departments which concentrated their efforts on the economic improvement and rectification made initial achievements in their work. The province-wide examination of matters relating to pricing, accounting, and taxation revealed that the loss caused by violation of discipline totaled 205 million yuan. Most major cases were handled.

#### Guizhou Increases Gold Mining Activity

HK2207134190 Guiyang Guizhou Provincial Service  
in Mandarin 2300 GMT 19 Feb 90

[Excerpts] At a provincial work conference on gold production, which ended on 17 February, Governor Liu Yulin emphasized that the management of gold prospecting, exploitation, and production in our province should be carried out as an integral whole so as to ensure a sound development of gold production in our province.

Last year the gold output of our province was more than five times higher than the targets set by the state. [passage omitted]

Liu Yulin continued: Under the major climate of economic improvement and rectification, the gold industry of our province should not be curtailed but vigorously developed; further efforts must be made to bring the relations inside and outside the industry into better balance and straighten out the order of production in mines, and the management of gold prospecting, exploitation, and production should be carried out as an organic whole, so that the gold industry of our province will develop in a stable, coordinated, and healthy way.

He also said: In taking a strategic view into consideration, we should prospect new mines, lay stress on



mining large mines, and gradually establish some production bases which take key mines as the main body. When vigorously developing the gold triangle in southwest of Guizhou, we should lose no time in stepping up gold prospecting and exploitation in the southeast and south of Guizhou as well as in Tongren. [passage omitted]

#### Sichuan Develops Township, Town Enterprises

HK2602035390 Chengdu SICHUAN RIBAO in Chinese  
23 Jan 90 p 1

[Report by Zhang Chi (1728 1714): "Township and Town Enterprises Steadily Develop in the Course of Economic Rectification"]

[Text] Last year, township and town enterprises in our province staunchly implemented the guiding principles of economic rectification and in-depth reform. By arousing revolutionary vigor they succeeded in overcoming difficulties. Not only did they maintain effective control over their pace of development, they also prevented a slide in production. According to preliminary statistics, the total annual output value of township and town enterprises amounted to 39.97 billion yuan, which represented a 15.6-percent increase over the previous year. Compared to the previous year, their rate of development slipped by 16 percentage points. Their gross revenues hit the target of 40.6 billion yuan, surpassing the rate of output growth by two percentage points. Taxes to be turned over to the state, estimated at 1.5 billion yuan, registered an increase of over 20 percent over the previous year.

To guide township and town enterprises towards healthy development, all localities strictly controlled their scale of investment throughout the province last year, firmly grasped the guiding principles of adjustment and rectification, and improved the quality and quantity of products and the standard of the enterprises. There was a significant drop in capital construction investments last year. Such investments were limited to the amount of 800 million yuan, as was stipulated by the provincial authorities. Compared to the previous year, the number of newly introduced items was reduced almost by half. Locally-conducted surveys indicated that, through readjustments, some five percent of the total number of enterprises closed down or ceased to operate. Eighty percent of the township and town enterprises in the province established quality guarantee organizations and technical quality control committees, which were headed by factory directors. Courses in quality control were organized at the provincial, prefectural, and county levels, and 25,000 people sat for unified examinations in comprehensive quality control knowledge, which they learned through audio-visual educational programs. Throughout the province, rectification was also carried out in key industries, such as foodstuffs, construction materials, and chemical fertilizers. Of the 280 cement factories inspected, 200 reached the required standard. Of the 148 phosphate fertilizer factories investigated,

104 had their licenses revoked because they failed to meet quality requirements, and measures to strengthen and enhance production were implemented in the remaining 44. Furthermore, enterprise upgrading work was launched. Enterprise management moved gradually towards systemization, and there was an overall improvement in enterprise quality. Last year the Enequ Distillery was promoted to second-class national enterprise status, and 10 enterprises received the title of provincial-level advanced enterprise. Goods produced by the province's enterprises won two excellent quality awards at the state level and 21 outstanding awards at the provincial level.

Last year, the township and town enterprises of our province also firmly grasped the building of spiritual civilization, reinforced ideological and political work, improved the political quality of the staff, stabilized the work force, and roused the people's spirits. Fifty percent of the province's enterprises that were sufficiently equipped to establish their own party branches did so, and quite a number of enterprises set up corresponding political work bodies manned by a professional political work staff. All the township and town enterprises in the province preliminarily formed a network of ideological and political work. Such measures gave rise to outstanding civilized units at the provincial level, such as the Zeyang Bailong Silk Factory and the Mianyang Xinzhao Chemical Plant.

#### Tibet Continues Development Efforts

OH0503232490 Beijing XINHUA in English  
1525 GMT 5 Mar 90

[Text] Lhasa, March 5 (XINHUA)—An official of the Food and Agricultural Organization (FAO) of the United Nations recently came to the Tibet Autonomous Region to check on the progress of the Lhasa river valley development program, a FAO agricultural project.

The project, initiated last year, is designed to develop agriculture, forestry and animal husbandry in the Lhasa river valley.

This is only one of the international assistance programs in Tibet, one of the poorest areas in China.

Since 1980, the Tibet regional government abandoned the practice of not accepting foreign assistance.

In the past decade, the region has launched a dozen projects with foreign cooperation, funds and technology to accelerate the development of energy, public health, processing industries and service trades.

It has used 20 million U.S. dollars' worth of foreign investment for economic development.

In the early 1980's, this remote region formulated the principle of changing its closed natural economy into an open commodity economy and promoting tourism and foreign trade.

Since then the region has opened wide to the rest of the world and the country.

More than 23,000 foreign tourists visited Tibet between 1981 and 1985. In 1987, 43,000 foreign tourists spent 13 million yuan.

Last year, more than 3,600 foreign tourists traveled in Tibet despite various unfavorable circumstances.

Though Lhasa is still under martial law, foreign tourists, in groups of at least three people, can still visit Lhasa and other scenic spots in Tibet.

To encourage local economic and trade development, the central government allows the region to retain all its foreign exchange earnings from foreign trade.

In 1980, Tibet only provided goods for exporters in other parts of the country. The regional government now has the right to import and export.

Last year Tibet's import and export volume hit 30.67 million U.S. dollars, a 39 percent increase over 1988.

Foreign trade has developed at an annual rate of 30 percent since 1984. Agricultural, livestock and local products and herbal medicine find ready markets in 20 countries and regions, according an official from the regional Department of Foreign Economic Relations and Trade.

Regional markets have also sprung up in recent years. The number of free markets has increased to 90 from only a few in 1980. There are about 45,000 private peddlars doing business in the region.

In recent years, the region has also expanded economic and technological cooperation with other provinces and regions in the country to make up for a lack of professional personnel, technology and modern management knowledge.

The region has signed 200 economic and technical agreements with other provinces and regions.

Tibet has joined Sichuan, Yunnan and Guizhou Provinces and Guangxi Zhuang Autonomous Region in a comprehensive economic and technical development program for the southwest.

Every year, hundreds of technical and management personnel from inland areas come to Tibet to work for short periods.

Opening to other parts of the country and the world has boosted Tibet's economy. The total industrial and agricultural output value of the region reached 962 million yuan (204 million U.S. dollars) last year, an increase of 281 million yuan over 1990.

The average annual income per farmer or herdsman in Tibet rose to about 400 yuan from less than 200 yuan in 1979.

### Tibetan Industrial Output Increases

OW0203223790 Beijing XINHUA in English  
0844 GMT 27 Feb 90

[Text] Lhasa, February 27 (XINHUA)—Once a blank spot for industry, the Tibet Autonomous Region is now dotted with modern industrial enterprises, a regional official in charge of industry announced here today.

The total industrial output value last year reached 221 million yuan (about 470,000 U.S. dollars), up from zero 30 years ago.

According to him, Tibet used to rely almost entirely on other parts of China for supplies of industrial goods and daily necessities until the 1960s, when the region started to set up factories with state investment.

Since 1980 the regional government has rearranged its industrial structure and paid more attention to boosting the power, light, textile and mining industries in line with its local conditions.

The official noted that Tibet has won financial and technical support in its development from municipalities, provinces and autonomous regions across the country.

Hundreds of outstanding technicians and managers are being sent to work in Tibet each year.

### Tibetan Official Reviews Economic Gains

OW2102231490 Beijing XINHUA in English  
0848 GMT 21 Feb 90

[Text] Lhasa, February 21 (XINHUA)—The economy of the Tibet Autonomous Region has grown steadily and the people's living standard has improved greatly, a regional official announced here today.

Ma Lisheng, vice-chairman of the regional government in charge of economic work, said the total value of industrial and agricultural output last year was 962 million yuan (about 205 million U.S. dollars), up three percent on the previous year's figure.

Of this amount, the value of agricultural output was 741 million yuan (about 158 million U.S. dollars), up 1.4 percent on the 1988 figure, and the value of industrial output was 221 million yuan (about 47 million U.S. dollars), an increase of 9.4 percent.

Tibet reaped 532.5 million kilograms of grain last year, an increase of five percent over the previous year's performance and a record. The average income of farmers and herdsmen reached 397 yuan, a rise of six percent.

Affected by the political atmosphere at home and abroad, Tibet exported 15.55 million U.S. dollars worth of goods last year, a drop of three percent on the 1988 figure, and received 3,600 foreign tourists, 18,200 fewer than in the previous year.

### **Tibet Boosts Grain, Animal Husbandry Production**

OW0703191490 Beijing XINHUA in English  
1226 GMT 28 Feb 90

[Text] Lhasa, February 28 (XINHUA)—The Tibet regional government has called on governments of lower levels to stabilize rural policies and pay more attention to boosting grain production and numbers of domestic animals.

Mao Rubo, vice-chairman of the regional government, said the government has spent 12.27 million yuan on arranging 16 projects for farm and grassland capital development and for the expansion of irrigated areas this year.

Tibet reaped a record of 549.5 million kilograms of grain last year. However, because of the population boom, the grain available to residents averages 246 kilograms per person compared with 273 kilograms in 1980.

The region has a population of 2.1 million, representing an increase of 30,000 a year since 1980.

To assure a good grain harvest, Mao said, the regional government has increased its investment in agriculture to more than 40 million yuan since last year.

It plans to improve grassland this year by planting forage grass that is more nourishing than present varieties.

### **North Region**

### **Beijing Exports More Machinery, Electronic Products**

OW0303103690 Beijing XINHUA in English  
0902 GMT 2 Mar 90

[Text] Beijing, March 2 (XINHUA)—Beijing exported 258 million U.S. dollars-worth of machinery and electronic products last year, up 33.4 percent from 1988, according to statistics from the Beijing municipal foreign economic relations and trade commission.

Products, including machine tools, printing presses, electronic machinery, color TV sets, tape recorders and trucks have been exported to dozens of countries and regions in Europe, America, Africa and Southeast Asia.

The export value of the machinery and electronic products is 22.3 percent of the city's total exports in 1989.

Experts say the increase is due to the readjustment of the product mix, the introduction of advanced foreign technology and equipment, the improvement of product quality and the addition of new product lines.

For example, offset presses made by the Beijing People's Machinery Factory have been well received abroad and 14 types of these products have been exported to more than 20 countries and regions.

The Beijing forklift truck factory introduced blueprints and technology from Japan and obtained an export commodity certificate of quality licence last year. Now its products are exported to the United States, Italy, France, Belgium and Australia.

Zhang Ming, director of the Beijing municipal foreign economic relations and trade commission, said that the export of machinery and electronic products will be the focus of the city's exports this year.

### **Beijing Bank Raises Funds for Exporters**

OW1402224790 Beijing XINHUA in English  
1232 GMT 13 Feb 90

[Text] Beijing, February 13 (XINHUA)—The Beijing Branch of the Bank of China (BOC) has raised funds to help export-oriented businesses and businesses with foreign investments in Beijing.

Such enterprises faced a severe shortage of funds in 1989 and the bank extended an additional credit loan of 270 million yuan. It also gave them circulating funds of 2.85 billion yuan, satisfying their capital demands.

To raise funds for these businesses, the bank branch has opened up more sources of funds. It attracted more deposits last year, which were 636 million yuan higher than they were in 1988, and raised 19 billion yuan for the enterprises at the same time.

With the help of the BOC Beijing Branch, the city's export volume reached 1.12 billion U.S. dollars in 1989, 100 million U.S. dollars more than in 1988.

### **Beijing Plans for Increased 1990 Exports**

OW1302144390 Beijing XINHUA in English  
0844 GMT 13 Feb 90

[Text] Beijing, February 13 (XINHUA)—Beijing plans to raise its export value to 1.2 billion U.S. dollars in 1990, about 80 million dollars more than in 1989.

The city also expects to introduce more than 100 million U.S. dollars in foreign investment, raise the technology export value to 20 million U.S. dollars and increase labor export this year.

To achieve these targets, said Zhang Ming, director of the Beijing Municipal Foreign Economic Relations and Trade Committee, the city's business executives must improve management and raise efficiency from now on.

Zhang also asked the export manufacturers to develop new products and improve their quality. He said the city is prepared to boost the export of machinery, electronic products and processed products.

As the 594 foreign-funded enterprises have become a great force in the city's export drive, the Beijing municipal government will continue to improve the investment environment and introduce more foreign investment, Zhang said.

He added that Beijing would make a full-scale investigation this year of all foreign-funded enterprises in the city and help to solve the problems these ventures meet in their construction or management.

At the same time, the city will give preference to export firms in respect of raw materials, water, electricity and gas.

In 1989, a total of 185 foreign-funded enterprises were given permission to be set up in Beijing and another 100 or so joint ventures are expected to be approved this year.

Meanwhile, Beijing is preparing to set up 10 joint ventures overseas in 1990.

### Beijing School Enterprises Earn Profits

OW0702140990 Beijing XINHUA in English  
1206 GMT 7 Feb 90

[Text] Beijing, February 7 (XINHUA)—Beijing's primary and high school factories earned a net profit of more than 117 million yuan last year, the highest earnings ever.

Beijing, which has 1,790 school enterprises and 766 production bases, can now produce nearly 1,000 kinds of goods in 14 major categories.

Some 340,000 students participate in the work-study activities every year.

According to an official from the local education bureau, school enterprises have spent more than 170 million yuan to support education in the past decade.

### Hebei Discusses Mountainous Area Development

SK1602015190 Shijiazhuang HEBEI RIBAO  
in Chinese 16 Jan 90 p 1

[Excerpts] Our province has developed technology in the mountainous areas for 10 years.

The provincial conference on developing technology in the mountainous areas was held in Shijiazhuang from 14 to 16 January. During this conference, 12 units introduced their experiences in relying on science and technology to develop the mountainous areas. Ten counties advanced in developing science and technology and 42 advanced collectives and 216 advanced workers were commended at the conference. Vice Governor Zhang Runshen and provincial government adviser Li Feng attended and addressed the conference.

Thanks to our efforts to bring science and technology to the mountainous areas during the past 10 years, the pace of economic construction in the mountainous areas was greatly accelerated. Based on statistics provided by the provincial office for developing mountainous areas, the total industrial and agricultural output value of the mountainous areas in 1988 reached 21.3 billion yuan, and the average per-capita income reached 458 yuan,

which were 35 times and 28 times respectively over 1949. Along with economic development, the ecological environment has also greatly improved.

From 1982 to 1987, the Taiheng mountainous areas alone planted nearly 249 million fruit trees, greatly exceeding the original fruit tree resources by more than four times. During this period, some 1.68 million mu of land was afforested, helping to reduce the water and soil eroded areas by two million mu and making the forest coverage rate rise from two to six percent during the early liberation period to 11.8 percent. More than 10 comprehensive technology development experimental zones, 10 commodity and technology development centers, and 10 various types of scientifically and technologically advanced township enterprises and technical training centers with 10 subordinate branch schools were established in the mountainous areas. A total of 1,300 scientific and technical personnel from more than 40 colleges, universities, and research units went to the mountainous areas to hold 14,980 training classes of various types, to train 1.5 million peasants, and to appraise 153 scientific research findings, of which 128 projects won prize. [passage omitted]

During the conference, Li Feng made a comprehensive summary of the 1989 technological development work in the mountainous areas on behalf of the provincial leading group for technological development in the mountainous areas and worked out plans for this year's work. [passage omitted]

### Hebei Reports 1989 Economic Achievements

SK1602045790 Shijiazhuang HEBEI RIBAO  
in Chinese 1 Jan 90 p 1

[Summary] According to the data provided by the provincial Statistical Bureau, the province achieved new developments in improving the economic environment and rectifying the economic order in 1989.

A. The province has succeeded in increasing the volume of effective supplies. According to preliminary statistics, the province's 1989 national income showed a six to seven percent increase over 1988, its total industrial output value, about nine percent, and its total agricultural output value, four percent. Its total grain output reached 23.687 million tons, a 2.3 percent increase over 1988. Its total industrial output value scored by the enterprises at or above the township level reached 46.08 billion yuan during the January-November period of 1989, a 7.5 percent increase over 1988. Its annual total industrial output value may reach 50.73 billion yuan, a 7.3 percent increase over 1988.

B. The province has further curtailed the social demands. According to preliminary statistics, the province's investments in fixed assets in 1989 reached about billion yuan, an 18.7 percent decrease over 1988. Investment of the state-run enterprises across the province is expected to reach 8.6 billion yuan, a 22.4 percent decrease over 1988 and that of collective-run



enterprises in both urban and rural areas is expected to reach 3.1 billion yuan, a 34.3 percent decrease over 1988.

The province has basically brought social consumption under control. During the January-November period in 1989, retail sales of social commodities reached 34.47 billion yuan, a 7.1 percent increase over the same period of 1988. Of this increase, consumer goods for social collectives showed a 3.8 percent increase over the same period of 1988 and an about 15 percent decrease excluding the factor of price hikes. Its retail sales of social commodities in the year is expected to reach 27.7 billion yuan, a 6.5 percent increase over 1988. By the end of November, the province's bill of wages for staff members and workers reached 9.8 billion yuan, a 17.2 percent increase over the same period of 1988 but a 0.7 percentage point decrease over that scored in the first 10 months.

The province has brought the scale of loans under control, achieved a better trend in cash revenues and expenses, and had the financial revenues surpass the expenses. By the end of November, the province's gap between bank loans and deposits was 6.38 billion yuan, a 4.297 billion yuan decrease over that scored in early 1989 and a 2.625 billion yuan decrease over the same period of 1988. The province released 135 million yuan of cash loans, a 4.685 billion yuan decrease over the same period of 1988. During the January-November period, the province's local financial revenues reached 0.84 billion yuan, a 20.9 percent increase over the same period of 1988 and its local financial expenses reached 0.43 billion yuan, a 17.9 percent increase over the same period of 1988.

C. The province has had its commodity prices decline month after month and basically brought its inflation under control. During the January-November period in 1989, the general index of the province's retail commodity prices showed a 20 percent increase over the same period of 1988. Of this increase, that in the first quarter was 30.1 percent; that in April, 29.3 percent; that in May, 27.6 percent; that in June, 22.1 percent; that in July, 17.9 percent; that in August, 12.5 percent; that in the fourth quarter, a single digit figure of percentage; and that in November, a 3.2 percent.

D. The income of both urban and rural residents has continuously increased and their living conditions have been somewhat improved. According to the data of sample investigation conducted among urban households, the per capita monthly income available for living expenses is expected to reach 105 yuan, a 16.7 percent increase over 1987. Most urban residents have basically maintained the 1988 level in their income available for living expenses and a number of urban staff members and workers have suffered a little decrease in their income. According to the data of sample investigation conducted among farm households, during the period between the first and third quarters in 1989, the per

peasant cash income reached 398.5 yuan, an 18.4 percent increase over the same period of 1988. The province's per peasant net income in the year is expected to reach about 640 yuan, a 17 percent increase over 1988.

### Xing Chongzhi on Hebei Grass-Roots Organizations

SK2002080990 Shijiazhuang HEBEI RIBAO  
in Chinese 31 Dec 89 pp 1, 3

[Text] The provincial meeting to exchange experiences in efforts to improve rural grass-roots organizations held by the provincial party committee and government concluded on 29 December after a four-day session. Leading comrades of the provincial party committee, advisory commission, People's Congress Standing Committee and government, including Xing Chongzhi, Li Wenshan, Lu Chuanzan, Yang Zejiang, Guo Zhi, Liu Ronghui, Chen Yijie and Zhang Runshen, attended the meeting to hear experiences and earnestly held discussions with participating comrades.

Comrades from 18 prefectures, counties, townships and villages related their experiences during the meeting. They included Zhu Zhanliang from Dabaichi Village of Luxian County, Guo Chengzhi from Qiannanyu Village of Xingtai County, Qu Qingsuo from Qurhuang Village of Dongguang County, and Wang Baorong from Wangerying Village of Chengnan County. They spoke of their experiences in building the new socialist countryside through hard work. Comrades attending the meeting offered their opinions on revising the "decision on strengthening efforts to improve township and village grass-roots organizations (a draft made to solicit opinions)" of the provincial party committee and government.

Xing Chongzhi, secretary of the provincial party committee, gave a speech entitled "Greatly Strengthen Efforts to Improve Township and Village Grass-roots Organizations, and Implement the Party's Basic Line in the Vast Rural Areas." He said:

### Strengthening Efforts to Improve Rural Grass-roots Organizations Is An Important Strategic Task.

Strengthening efforts to improve rural grass-roots organizations is an urgent requirement set by the rapidly developing new rural situation. After the third plenary session of the 11th party Central Committee, the economic structure, economic sectors, industrial composition, and managerial forms of rural areas have experienced profound changes, which have also resulted in changes in the relations among various sectors in terms of interests and people's ideas. The new situation has not only provided favorable surroundings and conditions for improving rural grass-roots organizations but put forward more arduous work tasks for and higher work demands on grass-roots organizations and demanded high quality work from cadres.

In the new rural situation, some grass-roots organizations, such as Jinjabao Village of Bazian County, Xinxing Village of Lixian County, Cishanerie Village of Wuan, Yudi Village of Zanzhuang, Tongxia Village of Lingshou, Gangshang Village of Gaocheng, Zhoujiazhuang Village of Jinxian County, and Qiannanyu Village of Xingtai, have promoted the two civilizations vigorously and with good results. In these villages, commodity production has developed rapidly, collective accumulation has increased every year, agricultural production conditions have improved continuously, educational, cultural, and various welfare undertakings have become increasingly better, and village trends and perspectives have been healthy and progressive. A common characteristic of these villages is that they have strong party branches capable of adhering to the party's basic line and leading the masses to affluence, outstanding party branch secretaries who have a pioneering and sacrificing spirit, and practical ways to achieve affluence. Meanwhile, we should also note that many rural grass-roots organizations are slow in understanding the rapidly changing situation, and their work, methods and work styles are not compatible enough or are very incompatible with the situation. Specific manifestations of this are as follows. First, grass-roots party organizations are incompatible in developing their role as a political nucleus. Many party branches are lax and feeble, some of them are paralyzed or semi-paralyzed, and party members fail to perform their role as vanguards and models. Second, the administrative functions of rural grass-roots organizations are incompatible. After dissolving production teams, most villages failed to establish villagers groups in a timely manner. This led to a situation in which the few members of villagers committees came in direct contact with several hundred households and an organizational "fault" formed between villages and households, making it difficult to enforce village rules and regulations, conduct education on the legal system, and safeguard public security. As a result, the situation in which laws are not observed and strictly enforced and violators are not brought to justice becomes rather serious in some rural areas. Third, the functions of economic management and social service of rural grass-roots organizations are not compatible. Although the household output-related contract responsibility system has been instituted, a considerable number of villages have not established or brought into play the role of cooperative service organizations. Such a situation, to a great extent, is due to lack of a strong sense of serving the people on the part of village cadres and a lack of strength on the part of the village-level collective economy. The collective economy of many villages has become an "empty shell," lacking both initiative and strength to render service to production. Fourth, the work methods and work styles of rural grass-roots organizations are not compatible. Some grass-roots cadres are used to the work methods and work styles of pressing people to plant and harvest, exercising control, making inspections, and giving lectures and criticism. Many comrades are not used to, familiar with or capable of organizing the urgently needed service to production and to the lives of

the masses, improving management, popularizing science and technology, and perfecting democracy and the legal system, and some of them are still trying to resort to the old methods to solve new problems, thus not only failing to solve problems but often arousing dissatisfaction among the masses and causing tension in the relations between cadres and the masses. We should note that our party met the peasants' demands concerning land through agrarian reform, and their demand for autonomy in production and management through institution of the household output-related contract responsibility system, and that at present, it should meet the peasants' demand for socialized service. Only in this way can it safeguard and develop its good ties with the masses that have been established through several decades of hard work.

The aforementioned situations show that improving rural grass-roots organizations is a task that brooks no delay. At the fifth plenary session of the 13th party Central Committee, Comrade Jiang Zemin called for "adopting effective measures to improve rural grass-roots organizations and political power." This is a pressing need not only in developing agriculture but also in implementing the party's basic line in the vast rural areas. Rural work consists of a multitude of tasks, of which the most important is to improve grass-roots organizations. As has been proven in practice, counties that have paid early and earnest attention to improving grass-roots organizations have achieved great changes in their outlook and rapid development. All counties have good grass-roots organizations, but they differ in the quantity and proportion of good grass-roots organizations. The reason a county becomes advanced is that its good grass-roots organizations are many and proportionally larger. In counties with poor work it is due to their small number and small proportion of good grass-roots organizations. In the past, we often set forth too many tasks and paid too little attention to how to fulfill the tasks and improve grass-roots organizations. This led to a failure in fulfilling many of our tasks.

Strengthening efforts to improve rural grass-roots organizations is a complicated systems engineering project, which requires implementation of the principle of carrying out two supporting tasks. The first supporting task is to strengthen party building, political power, and the service system, of which the key is party building. The second supporting task is to improve the organizations at the village and township levels and change the functions of the departments directly under the counties, of which the key is improving village-level organizations. We must fully understand the important significance of strengthening rural grass-roots organizations, devoting great enthusiasm and down-to-earth efforts to this work, and striving to achieve notable results during the three-year period for economic improvement and rectification so as to basically establish a system of grass-roots organizations compatible with the rural economic structure of the present stage.

**We Should Firmly and Unswervingly Improve the Building of Village-level Organizations.**

Connected with all levels of party committees and governments upward and all peasant households downward, village-level organizations serve as a bridge linking the party and the government with thousands upon thousands of households, and constitute the focal point of the building of rural grass-roots organizations. We should make firm and unswerving efforts to enable each village to have a strong village party branch, a villagers' committee which upholds party leadership and is able to embody the will of villagers, and a village economic cooperative organization with a certain collective economic strength. Because a village-level organization is an organic entity, only when we simultaneously grasp all of the work of its party branch, villagers' committee, and cooperative economic organization can we yield satisfactory results in building it.

To strengthen and achieve success in building a party branch, we should, first of all, select a good party branch secretary. In selecting a party branch secretary, our field of vision should be wider, and we should have more channels of selection. No matter which method is adopted, we should always follow the mass line, and listen to the opinions of the masses with and without party affiliation. We should also overcome the tendency of paying more attention to selection but less to education, and should strengthen specific help and guidance. Village party branches should try their best to maintain stability in personnel. If a member of a party branch has defects, the party branch should help him overcome his defects, rather than frequently changing its personnel. Second, we should strengthen the education of party members. Without improving the political awareness and quality of party members, it will be impossible to build a good party branch. We should adopt various feasible methods to educate party members with the party's basic theory and line and knowledge of the party as well as the fine traditions of the party so as to improve their quality in various fields and make them temper themselves in various kinds of practical work. Third, we should establish necessary systems, the inner-party democratic supervision system in particular, should consult with the masses in handling affairs, should make the results of our work visible to the public, and should subject ourselves to the supervision of the masses. At the moment, all localities have a small number of village party branches which are in a paralyzed or semi-paralyzed state. In these villages, villagers are undisciplined, collectives empty, the economy backward, and evil trends rampant. For such villages, the county and township authorities should immediately send capable cadres to help them solve problems within a certain deadline. At the same time, we should pay attention to discovering and training advanced examples, and should adopt effective measures to spread advanced experiences throughout these villages.

In building villagers' committees, a task of top priority is to universally set up villagers' groups to solve the "last"

problem of village-level organizations. We should give play to the role of people's mediation and security maintenance organizations to mediate civil disputes, maintain social order, fortify unity among villagers and different villages, and create good order in livelihood, production, and society. Meanwhile, we should strengthen the building of democracy. Some localities have set up villagers' discussion meetings or villagers' congresses, and some have made public village affairs by putting up posters showing the financial accounts of collectives, the distribution of means of agricultural production, charges for electricity, family planning targets, contract purchase quota of grain, distribution of residential base areas, the contracting of collective enterprises and orchards, and the distribution of relief materials and goods. As a result, they have effectively checked the abuse of power for personal gain of some cadres, dispelled the misgivings of the masses, and strengthened understanding between cadres and the masses. For this reason, the so-called "several major difficulties" with regard to the rural work have become not so difficult. All these methods should be universally popularized.

To develop village-level cooperative service organizations, the key is to continuously expand and develop the strength of the collective economy and improve the means of service. Villages where the collective economy is weak should at present establish the system of accumulation for the village-level collective economy. First, they should concentrate efforts on sorting out their financial accounts and collecting debts, muster all the original collective funds, popularize in line with specific local conditions the system of putting the accounts of village funds under the management of towns or townships, and establish the rural cooperative fund. Second, they should improve the contract system applied to the management of land, mountains and forests, fruit trees and enterprises, and collect contract fees and other fees in line with the contracts. Third, they should actively develop village-run enterprises, expand secondary and tertiary industries, and continuously open up new channels to increase income. At present, villages which lack the necessary conditions for developing various types of industrial and commercial enterprises may make the best use of their local agricultural resources to establish agricultural enterprises, such as collective crop farms, tree farms, orchards, livestock farms, and fish ponds. Fourth, they should conscientiously carry out the system of labor accumulation, and increase labor accumulation to develop farmland capital construction.

In the process of "three-in-one" improvement of village-level organizations, we should gradually apply standardized management for village cadres. This work includes mainly selecting and appointing cadres, fixing their responsibilities, evaluating, training and supervising cadres, fixing their wages, and meting out punishment and reward. Great numbers of village cadres have direct ties with peasant households and such direct ties will last for generations to come. Therefore, their work is very difficult and their burden heavy. Party committees and

governments at various levels should show understanding and support for them and adopt all possible means to create a good work environment for them. With regard to the cadres entitled to fixed amounts of subsidies, we should properly solve their practical problems in line with the principle of "making their numbers smaller, setting stricter demands on them, and allowing them more pay." Proceeding with their own actual conditions, towns and townships may work out relevant regulations to enable village cadres to "accomplish something when at their post as cadres, have ease of mind when not at their post, and be supported when old." In short, through standardized management of village cadres, we should attain the purpose of stabilizing the contingent and fully arousing their enthusiasm. This is the foundation for success in various rural work.

#### **Strengthen the Functions of Towns and Townships, and Enhance the Vitality of Towns and Townships.**

Town and township party committees and governments should devote their major efforts to improving village party branches, villagers' committees, and village-level cooperative service organizations. The town and township level currently shoulders heavy tasks, is staffed with few personnel, and has imperfect functions. Many town and township party committees are tired of coping with numerous rush jobs and cannot concentrate their efforts on improving the village-level organizations and conducting ideological education among peasants, and town and township governments are unable to effectively organize the socialized service urgently needed by peasant households. Towns and townships cannot fully perform their functions and roles. This is an important reason why party principles and policies fail to enter villages and households. If such a situation continues, village-level organizations will become even weaker, and purchases of farm products, accumulation of funds, and family planning will become more difficult. The more town and township party committees and governments are bogged down in "numerous difficult problems," the less attention they can pay to improving village-level organizations and the more incapable they will be of performing their functions. It is time to change such a situation.

To change such situation, quite a few counties and townships have in the past two years made explorations for reforming town and township structures and strengthening the vitality of towns and townships. Although the specific methods of various counties and townships are not all the same, they have adhered to the following common points. First, they have introduced and constantly maximize the effectiveness of the system of quota management and responsibility in town and township work. All towns and townships should work out their own major quotas on building material and spiritual civilizations in line with the demands of the county party committees and governments, and then assign these quotas to all town and township cadres and to all village party branches and villagers' committees. In implementing the system of quota management and

responsibility, various towns and townships should incorporate the work of the villages to the scale of their own quotas, and should regard the work of these villages as the criterion for assessing the work of towns and townships. Principal leading cadres of town and township party committees and governments should each assume responsibility for the work of one or two backward villages with a view to changing their backwardness as quickly as possible. As for the targets of party building and spiritual civilization building, those which can be attained must be attained, and those which cannot be attained should be subject to examination by practical methods. In this regard, the focus must be put on serving grass-roots areas and the masses. In doing tangible things for the masses and with a view to achieving practical results from these things, towns and townships should formulate specific demands and requirements. Second, they have linked practical achievements with remunerations. Some towns and townships have set up the cadre reward fund by dividing cadres' wages into fixed wages and award wages. Under this, those who have overfulfilled their targets will be awarded, while those who failed to fulfill will be fined. Some other towns and townships have made cadres enter work posts through the methods of "open recruitment, democratic appraisal, competition, and selection is the best." The promotion or demotion and the continuous employment or dismissal of these cadres will be decided by whether they have fulfilled the various major targets as demanded by the letters of responsibility. Still other towns and townships have implemented the system of reporting on one's work during one's term in office and the system of auditing one's work after one quits one's job. All these reform measures can be implemented by various localities. Third, they have harmonized the relations between departments and regions at different levels, and unite functions with powers. We should draw distinctions between the powers and interests of counties and townships, and define the respective positions and duties of towns and townships. An important task in this regard is to establish township finance under which town and township governments can independently create, accumulate, and use their financial resources. To better enable town and township enterprises to independently develop the regional economy, protect agricultural resources, control population growth, mediate civil disputes, and build village-level organizations, the permanent organs which are directly under the administration of counties and which are stationed in towns and townships should, in principle, delegate the powers of managing manpower, financial resources, and material resources to towns and townships. The questions which powers should be delegated and how to delegate these powers should be decided by counties. Those departments which shoulder the tasks of macroeconomic regulation and control and those departments which have a strong nature of specialization will be allowed to implement dual management, with professional leadership under the responsibility of county departments and with the transfer, promotion or demotion, and reward or punishment decided by town and township party committees.



Through the reform of town and township structural reform, we should strive to make everyone have something to do, make everything done by someone, and make sure everyone has his own work target, so as to fully mobilize the initiative of every cadre of every town or township. Only when there are both pressures and incentives can we have creativity. Because towns and townships are good places to temper cadres, we should adopt various measures to encourage office cadres, and young cadres in particular, to go to towns and townships to strengthen and display their ability. From now on, the county-level leading cadres of various counties should primarily be selected from among town and township cadres. Responsible comrades of the departments directly under the county administration are required to have more than three years' experiences in working for towns and townships. On the prerequisite of not surpassing the total staff of prefectures, cities, and counties, the staff quota of towns and townships can be expanded appropriately. Those cadres who are released from the organs at or above the county level to serve towns and townships can be excluded from the staff quota of towns and townships. On the issue of changing cadres' families' rural residence registration to urban residence registration and providing jobs for children of cadres, preferential treatment should be given to cadres working for towns and townships as demanded by policies. All localities should pay attention to studying and formulating management methods of town and township cadres, should strive to improve their political and professional expertise, and should encourage them to make outstanding achievements on their respective posts.

#### **Change Functions, Serve the Grass Roots And Push Forward the Reform of the Departments Directly Under the Counties**

At present, many departments directly under counties are unwieldy and overstaffed, and are unable to more effectively serve the grass roots and carry out practical work for them. It has become a pressing need for them to change their functions and to strive to serve the grass roots. Over the past few years, some counties have followed the following ideas when conducting reforms to change the functions of the departments directly under counties. 1) Based on the principle of streamlining administrative personnel and serving the grass roots, they have separated some cadres, mainly scientific and technical personnel, from administrative departments, and established technological and economic organizations that render paid service to the grass roots. 2) Focusing on the need for regional economic development, they have provided coordinated service prior to, during and after production to peasant households and other production units, and gradually established and improved the rural service system to set up a network of service stations that provide production, supply, marketing, storage, transportation and processing services to units at all the levels of county, township, village and household. 3) Focusing on the need for improving the service system, improving the quality of service and strengthening the means of service, they have established

the economic entities that integrate production and management with scientific research and that carry out independent accounting to gradually become capable of holding the responsibilities for their own losses and profits. The reform roads based on the aforementioned "one separation and two focuses" were first taken by agricultural bureaus in most cases, and a trend has appeared that they are also taken by other departments.

Practice has proven that reform plays an important role in serving the grass roots and promoting the economic development of rural areas. The service entities that are separated from the departments directly under counties have stronger technological forces and means of service, and special ties with administrative departments, thus becoming more capable of coordinating with all units concerned. For this reason, they often play a leading role in the rural service stations, and can promote economic development through improvement of economic structure. Economic development consists of economic growth and improvement of economic structure, with the latter playing a dominant role. Judging from the experiences introduced at this meeting, most peasant households which have ties with various service entities have achieved optimal planning and patterned [mo shi hua nai pei 2875 (709 0553 2707 0014)] cultivation of crops. This has an important significance in optimizing our province's agrotechnical structure. Over the past few years, we have advocated development of the regional economy, meaning developing, within a region not too small, one or two kinds of leading products which have strong competitive edges, and using them to promote the coordinated development of other products. Judging from the experiences introduced at this meeting, a key measure for developing the regional economy is that economic and technological departments directly under counties focus on developing local advantages and aim at optimizing industrial composition, product mix and technological structure to change their functions and develop service entities, which take the lead in service work and then are extended to townships and villages to form a service network.

This reform also has meaning in various fields for the departments directly under counties. First, it helps enhance their economic strength and means of service. Second, it helps their technical personnel fully develop and increase their ability. After being separated from administrative departments, technical personnel have their wages linked to their achievements in service, and will have both pressure and motivation. Their enthusiasm will thus be sparked. In addition, in the process of serving peasant households, they will cherish a closer affection for peasants, thus enhancing their true skills. Third, it helps streamline administrative organs in a stable manner. Through changing their functions, serving the grass roots and establishing service entities, administrative organs can be streamlined without being dissolved or having their personnel transferred. Meanwhile, it also helps the departments directly under counties enhance their ability for macro-regulation.

The reform to change functions and serve the grass roots can be carried out by agricultural as well as other departments. For example, industrial departments can focus on strengthening the management of township enterprises engaged in industrial production to change their function, serve the grass roots and adjust, consolidate, transform, and improve township enterprises in the period for economic improvement and rectification. Finance and trade departments can establish supply and marketing service networks to render accounting and auditing services, culture and education departments can also combine vocational and technical education with rural service work, and establish a system under which agricultural education departments, agricultural scientific research departments, and agricultural technology popularization departments are coordinated. In short, the direction of the reform of the departments directly under counties to change functions and serve the grass roots is correct and we should unwaveringly carry it out.

#### **Strengthen Leadership over the Building of Rural Grass-Roots Organizations**

Leading members of the party committees at all levels should sum up and review the work of building rural grass-roots organizations over the past few years in line with the guidelines of the fourth and the fifth plenary sessions of the 13th party Central Committee, go to villages and township where the conditions are different to conduct investigations and study, to analyze the typical cases, and to grasp the first-hand information. Based on this, we should earnestly study and adopt effective measures and practical plans to promote the experiences which we already have, implement the decisions of the provincial party committee and government, and make the building of rural grass-roots party organizations and political powers yield results within a short period of time.

Various prefectural, city, and county party committees should exert great energy to grasp the building of rural grass-roots organizations. This work should be grasped by each level and be taken full charge of by the party members. The prefectural and city party committees should grasp the work of the county party committees and the county party committees should grasp the work of the township party committees, and the township party committees should grasp the work of village party branches. All township party committees should clearly understand the actual situations of the leading bodies in villages under its jurisdiction and put them into different categories. We should have an overall plan of how to consolidate the first category, to improve the second category, and rectify the third category and when to improve their outlook, put the plans into practice step by step and implement the system of assigning leaders to take responsibility for the work. Among the party committee members, we should assign one or two persons to take full charge of the work of building grass-roots organizations. Leading members in charge of other work should also grasp the work of several townships and

villages of different categories in order to get direct leading experience and to guide their own departments to better serve the grass-roots work. Only when the grass-roots work is promoted can the work of departments have a solid foundation. When the work of the grass-roots is weak, it is impossible for departments to promote their work. When pondering issues and managing things, all levels and all departments should give consideration to the grass-roots and the masses. By no means should they only consider their own departments. In line with the limits of their responsibilities and duties, all departments should implement the system of responsibility for attaining a certain target in serving the grass-roots, put forward clear demands on what kinds of services to carry out and what kind of substantial things to do for the grass-roots, formulate implementation plans, implement them among the people and guarantee their fulfillment. At present, many-level departments have explored ways to improve their functions in order to better serve the grass-roots. The responsible provincial and prefectural departments should support them enthusiastically, give them specific guidance and support and conscientiously sum up and popularize their experiences. They must not reduce the amount of funds and material allocations to departments at the lower levels just because they are not their related organs. County-level departments should strengthen supervision, inspection, guidance, and service among units which have been placed under the management of townships and towns, and should fully display the role of the functional departments.

We should continue to select and transfer a group of cadres from the provincial, prefectural, city, and county party and government organs to backward villages to help them carry out their work. The purpose of selecting and transferring cadres to townships is aimed at meeting the needs of first, strengthening the building of rural grass-roots organizations, second, improving the work style of organs, and third, training and tempering cadres. Training and tempering cadres in the course of practice is our party's consistent method and fine tradition. One of the ways which we must not neglect in the course of strengthening the practical ability of cadres is to conduct training at the grass-roots. As for what forms and methods we should adopt while transferring cadres to grass-roots levels, we may proceed from the reality, study, and determine the forms and methods according to local conditions. Regarding the task of organizing cadres in impoverished villages to help them carry out their work, first, we should help villages build good leading bodies, including the leading bodies of party branches, villagers committees, and cooperative economic organizations. Second, we should help villages open up avenues leading to prosperity and end the situation of poverty. Third, we should help villages successfully carry out the building of spiritual civilizations, strengthen ideological education among peasants, and enable villages to have remarkable changes in their work style and outlook. We may adopt various specific methods provided that they are conducive to fulfilling

these tasks. Regardless of what forms we adopt, we must strictly implement the system of responsibility for attaining a certain target and should conscientiously conduct appraisals and acceptance tests.

#### Inner Mongolia Reports Record 1989 Trade

CHW2102231190 Beijing XINHUA in English  
(0646 GMT 21 Feb 90)

[Text] Hohhot, February 21 (XINHUA)—The gross value of imports and exports of the Inner Mongolia Autonomous Region topped 336 million U.S. dollars last year, a record.

A regional official announced here today that the region exported 270 million U.S. dollars worth of goods last year. The value of its border and hinter trade totalled 120 million U.S. dollars, a rise of 40 percent.

Inner Mongolia concluded contracts on 28 economic and technical co-operative projects involving 66 million U.S. dollars with the Soviet Union and the People's Republic of Mongolia last year. These represent increases of 700 percent and 1,100 percent respectively on the figures for the previous year.

Last year the region approved 63 economic and technical co-operation projects involving 90 million U.S. dollars. It used 18 million dollars of foreign investment on contracts and concluded 23 technical and trading agreements.

#### Inner Mongolia's Industrial Output Reported

SK2102014590 Hohhot NEIMENGGU RIBAO  
in Chinese 12 Jan 90 p 1

[Summary] Inner Mongolia Autonomous Region scored gratifying achievements in industrial production in 1989. Industrial enterprises at or above the township level realized 14.405 billion yuan of output value, a 1.5 billion yuan and 11.68 percent increase over 1988. They overfulfilled their annual production plan by 3.93 percent. Of this output value, that of heavy industry was 6.167 billion yuan, a 14.99 percent increase over 1988, and that of light industry was 6.238 billion yuan, a 7.68 percent increase over 1988.

In 1989, the state-run industrial enterprises throughout the region realized 11.396 billion yuan of output value, a 10.71 percent increase over 1988, and collective-run enterprises realized 2.98 billion yuan of output value, a 14.85 percent increase over 1988.

#### Inner Mongolia Reports 1989 Production Totals

SK1102123190 Hohhot Inner Mongolia Regional  
Service in Mandarin 2300 GMT 6 Jan 90

[Excerpt] On the afternoon of 6 January, the regional statistical bureau held a news briefing. At the news briefing, (Chen Yantian), spokesman of the bureau, announced that in 1989 the region's national economy

continued to develop towards good orientation amid economic rectification and improvement, the entire economic operational situation was better than expected, and extraordinary achievements were scored in many fields. A bumper harvest was reaped in agriculture and livestock production despite serious natural calamities. Grain output totaled 6.779 billion kg, the second highest-yielding year, surpassed only by 1988. Harvest in animal husbandry was higher than ever before. By the end of June 1989, the number of draft and small animals in stock was 47.577 million head, an increase of 13.2 percentage points over the same period in 1988. The number of animals slaughtered was a record high despite the nationwide market slump. According to preliminary statistics, a total of 9,999 million beef cattle and mutton sheep were slaughtered throughout the region, an increase of 49.23 percent over the previous year. The slaughter rate and live commodity rate of animals were higher than ever seen in recent years.

Industrial production registered an appropriate increase, and economic efficiency improved further. The total output value of industries at or above the township level was 14.405 billion yuan, fulfilling the target of the Seventh Five-Year Plan by one year, or an increase of 11.68 percent over the previous year, faster than the national increase rate of 6.8 percent, ranking fifth in the country in terms of increase rate. [passage omitted]

Financial revenues amounted to 2.854 billion yuan, an all-time high. The degree of self-sufficiency of finance went up further. Foreign trade and exports increased, and the ability to earn foreign exchange improved. The annual total volume of foreign trade and exports topped \$300 million for the first time, reaching \$343 million, or showing an increase of 16.67 percent over the previous year, or fulfilling the state-assigned task by four months. Vigorous progress was made in the region's border trade with the Soviet Union and Mongolia. The total trade volume increased by 24.67 percent over the previous year. The per-capita net income of herdsmen topped 1,000 yuan for the first time. Although the region was hit by serious natural calamities, the per-capita net income of peasants still reached 477 yuan, the second highest year in history. The per-capita income of urban residents still went up, even after deducting the factor of price hikes. Marked results were achieved in stabilizing commodity prices, and the increase rate of commodity prices declined. [passage omitted]

#### Inner Mongolia Becomes Energy Development Base

HK1502025790 Beijing JINGJI RIBAO  
in Chinese 29 Dec 89 p 1

[Report by staff reporter Zhang Shuping (1728 0013) 1987: "Inner Mongolia is Emerging as the North Frontier Region as an Energy Base"]

[Text] With the two large open-cut coal mines of Juyigai and Huolinhe, embracing a total investment of 4.1

billion yuan, and for Dongsheng Coalfield as key development projects, the energy industry of Inner Mongolia is developing on an unprecedented scale and at an unprecedented speed. Inner Mongolia, China's largest animal husbandry base, will become a very important energy base of China as well in the near future.

Inner Mongolia, with a total of 86 million hectares of grassland, has coal reserves of 100,000 square kilometers under it. The coal reserves that have been verified total 198.22 billion tons, accounting for 22.2 percent of the country's verified reserves, and the prospective reserves exceed 1,000 billion tons. As the layout of our energy industry is shifting strategically from south to north and from east to west, and as the state industrial structure is being readjusted, the central authorities have decided to make Inner Mongolia one of the new energy bases and will speed up its exploitation and development. Now the state has six key development projects in that region, with a fixed investment of 7.34 billion yuan.

The first phase engineering project of the Junggar Mine was one of the 10 largest and newest development projects initiated according to reasonable work periods among the second-period projects in 1989. Not long ago, it was named the first of the 27 energy development projects across the country. This coal mine covers an area of 1,022 square kilometers and has a verified coal reserve of 26.8 billion tons and the thickness of coal layer measures 33.65 meters. Now the No. 1 highway to the coal mine has been finished. The water source that supplies 10 thousand tons of water each day begins supplying water and people are busy fixing the 220,000 watt high-voltage cables. In 1990 exploitation will start on a large scale in the mine. By 1992 it will reach a production capacity of 1.5 million tons (including the three million tons in various places.) The open-cut mine of Huolinhe is a key development project during "the Seventh Five-Year Plan," which now has a production capacity of three million tons. Recently the state has modified investment plans and stepped up the pace of its enlargement and development. Its production capacity will reach 10 million tons in four years. Famous for its large reserves and good quality coals, the Dongsheng Coalfield has a reserve of more than 80 billion tons and are now being exploited. By 1992, its production capacity will reach five million tons. By 1992, the nine state centralized mining areas across the whole region will have increased their production capacity by 30 million tons and the total coal and charcoal production capacity of the whole region will have reached over 60 million tons, which is equivalent to 10 percent of the total coal and charcoal production capacity of the whole country in 1988. In order to ensure the transfer and transportation of coals and charcoal from the north to the south and to the west, trains are running on the Baotou Railway, which has a total length of 173 kilometers, from October this year. The Jinshu-Tongliao railway which has a total length of 943 kilometers, the longest regional railway in our country, will be open to traffic in 1990.

The development of coal and charcoal resources has given impetus to the development of the power industry with the Kengkou Power Station as the main development project. An additional installed capacity of one million kilowatts can be obtained this year and in the next, which is approximately equivalent to 36.6 percent of the total electricity generated in 40 years. The Dalate Electricity Base, with a total installed capacity of 2.4 million kilowatts, which is very rare in our country, and Yiminhe, Zhongguo, the second phase project of the Fengzhen Electricity Plant, and other large-scale electricity development projects have gradually been launched. An additional installed capacity of 3.5 million kilowatts can be obtained during the "Eighth Five-Year Plan." By then, the strong electricity current can not only meet the needs of that region, but can also be transmitted to Northeast and Northern China.

Besides, prospecting and exploitation of oil resources in Inner Mongolia has now been stepped up. This year the state has invested 870 million yuan in the Eren (Erlun) Oilfield for its development. Now it basically has a production capacity of one million tons of crude oil. Oil pipes stretching for some 365 kilometers have been laid. By the middle of December, 300,000 tons of crude oil can be transported out of the region.

### Report Considers Inner Mongolia Social Development

SKJ1502015790 Huohuo NEIMEIGUO, RIBAO  
in Chinese 19 Dec 89 p

[Summary] During the past five years, our region achieved steady progress in developing the national economy and witnessed good results in implementing the immediate three fighting objectives. From 1983 to 1988, the GNP of the region rose from 9,809 billion yuan to 22,722 billion yuan, an increase of 59.36 percent. The national income rose from 8,062 billion yuan in 1983 to 19,117 billion yuan in 1988, an increase of 59.05 percent. The total industrial and agricultural output value, calculated in terms of constant prices of 1980, rose from 12,719 billion yuan in 1983 to 13,945 billion yuan in 1984, to 16,534 billion yuan in 1986 and to 20,649 billion yuan in 1988. The average per capita GNP calculated in terms of the prices of that year, was 502 yuan in 1983, 840 yuan in 1987 and 1,084 yuan in 1988. Comparing 1988 with 1987, the increase was 9.6 percent. The average per capita grain output was 286.3 kg in 1983, 295.6 kg in 1987 and 355 kg in 1988. Comparing 1988 with 1987, the increase was 20.1 percent. In 1983, the region's revenues reached 699 million yuan and the expenditures reached 2,283 billion yuan; in 1987, the revenue reached 1,943 billion yuan and the expenditures reached 4,556 billion yuan; in 1988, the revenues reached 2,413 billion yuan and the expenditures reached 5,101 billion yuan. The rate of financial self-sufficiency rose from 42.6 percent in 1987 to 47.3 percent in 1988, showing an increase of 4.7 percentage point.



### **Shanxi Reports Stable Economic Development**

*OW0708051290 Beijing XINHUA in English*  
*1541 GMT 6 Mar 90*

[Text] Taiyuan, March 6 (XINHUA)—The gross domestic product of north China's Shanxi Province for 1989 reached 35.3 billion yuan, an increase of 6.4 percent over 1988, according to Governor Wang Senhan.

Addressing the current third session of the seventh provincial people's congress, Governor Wang said the province's national income was 27.5 billion yuan, 6.3 percent more than 1988.

Shanxi's urban residents had an average per capita income of 1,041.3 yuan, an increase of 5.7 percent, factored for inflation. About 93,000 urban residents found employment last year.

Average per capita income for rural inhabitants jumped 3.6 percent over 1988 to 513.9 yuan.

Shanxi registered record high grain production of 8.8 billion kilograms, an increase of 17.7 percent over the previous year. Total agricultural output value jumped 7.4 percent over 1988 to 5.9 billion yuan.

Rural enterprises in the province also had a bumper year with a total output value of 16.1 billion yuan, an increase of 21.3 percent over 1988.

Industrial output value increased 11.4 percent over the previous year to hit 35.47 billion yuan, the governor said.

The province, the country's largest energy base, had total coal production of 274.8 million tons, 13.8 percent more than the previous year. Power production increased 9.2 percent to reach 30.2 billion kwh, according to Meng Lisheng, director of the provincial planning commission.

Shanxi maintained a balance between expenditures and revenue at 4.83 billion yuan, 23.7 percent more than the previous year.

### **Shanxi Reports Success in Aiding Poor Areas**

*OW2102150890 Beijing XINHUA in English*  
*1528 GMT 20 Feb 90*

[Text] Beijing, February 20 (XINHUA)—A supporting-poor-areas brigade of the China Association for Science and Technology has achieved good results in five years of work in the Luliang area of Shanxi Province in north China.

The brigade has helped the area build more than 400 economic development bodies. Ninety percent of 105 exemplary villages have got rid of poverty by using science and technology.

The brigade's philosophy is that the path to economic development for the areas lies in learning science and technology. Scientists and technicians in the brigade evaluate each project. For some technical projects they

sign contracts with local farmers. Officials from banks and agriculture, animal husbandry and forestry departments were invited to participate to guarantee technology, funds, training, and aid.

In the last two years, the brigade, in cooperation with local governments, founded 86 flour and edible oil mills and 70 iron and wood working projects, in addition to many light industrial projects. The brigade also introduced more than 20 improved varieties of crops and animals.

### **Shanxi To Spend More on Agriculture**

*OW1702191690 Beijing XINHUA in English*  
*1449 GMT 17 Feb 90*

[Text] Taiyuan, February 17 (XINHUA)—Shanxi Province, China's leading coal producer, will give equal emphasis to agriculture and coal production this year in a bid to boost its grain output.

Guo Yuhuan, the province's vice governor, said that in Shanxi, coal and grain production should be given equal emphasis. Neither of them should be neglected.

In a recent report to the Standing Committee of the provincial People's Congress, Guo said the provincial government plans to earmark 156 million yuan (33 million U.S. dollars) this year for agricultural capital construction. The investment represents an increase of 30 million yuan.

The investment will be used to build water conservation projects, promote agrotechnology and improve the agricultural service system.

In addition, the province will allocate 44.75 million yuan to the technical upgrading of chemical fertilizer factories to increase their fertilizer output.

The province will also guarantee the supply of raw materials, electricity, fuel, funds and transport for farm material production.

The provincial government will also spend 1.5 million U.S. dollars to import pesticides.

Guo said the province will improve wheat and corn seeds and popularize the use of plastic sheeting.

In Shanxi, a province prone to drought, water saving technology should be made popular and more reservoirs and canals should be there to irrigate more fields.

Guo also called for stabilizing rural policies and deepening rural reforms.

### Shanxi Adopts Farmland Protection Regulation

OW1602193190 *Lanzhou XINHUA in English*  
1532 GMT 16 Feb 90

[Text] Taiyuan, February 16 (XINHUA)—China's first local regulation to protect farmland has been adopted by the Shanxi Provincial People's Congress.

The regulation covers protection of existing and newly-tapped paddy fields, flood land, paddy land, dry land and terraced fields.

According to the provincial land administration, Shanxi had an average annual loss of 26,000 hectares of cultivated land a year over the past three decades.

Under the regulation county government should immediately designate basic farmland for protection.

The regulation provides strict stipulations on use of farmland for other purposes.

### Shanxi Vice Governor Bai Discusses Budget

#### Reasons for Shortage

HK2102013190 *Taiyuan SHANXI RIBAO in Chinese*  
77 Jan 90 p 1

[Report: "Bai Qingcai Talks About Funds at the End of the Lunar Year"]

[Text] The Year of the Horse is approaching. Vice Governor Bai Qingcai was requested by reporters to talk about the funds situation. He said: Since the policy of retrenchment was implemented in our country, the shortage of funds has remained a big problem in our economic development. According to a preliminary analysis, the main reasons for the funds shortage are as follows:

1. The enterprises are short of circulating funds and have created debts. In 1988, our province made a total investment of 10.76 billion yuan in fixed assets, and this investment was expected to be 10 billion yuan in 1989. However, there were insufficient circulating funds to serve as the basis for these investments. For this reason, many new or expanded projects could not be put into normal production after they were completed. They could not do anything but borrow money from the bank. As a result, the contradictions between credit demand and supply were aggravated. According to preliminary calculations, the enterprises throughout our province were short of six billion yuan of circulating funds. For this shortage alone, the enterprises had to pay more than 600 million yuan in interest a year. This is extremely harmful to our economic development and the development of the enterprises.

2. The lopsided economic structure. In our province, the heavy industrial output value makes up 61 percent of the total industrial and agricultural output value, and the

output value of the excavating and raw materials industries makes up 65 percent of the total heavy industrial output value. Due to the lopsided economic structure, a high percentage of funds are being taken for use but are circulating slowly and producing very low economic returns. In 1988, an average of 37.3 yuan of circulating funds were used by the industrial enterprises under independent accounting in our province in order to produce every 100 yuan of output value. This was 5.1 yuan higher than the national average. As a result, our enterprises had used 1.5 billion yuan more than the enterprises in other provinces. On the other hand, the profit and tax rate of the state-owned industrial enterprises under independent accounting was 12.1 percent, which was 8.43 percent lower than the national average. As a result, the state got 2.6 billion yuan less in profit and tax.

3. The insufficient transportation resulting in the overstocking of goods. In our province, the black-white ratio [he: bai bi: h: 7815 4101 3024 0173] of our railway transportation reached 87.2 to 12.8. Due to the insufficient transportation, there was an overstocking of more than five million tons of materials, aggravating the shortage of funds.

4. The unauthorized and irrational use of funds, which produces low output and low economic returns. According to an investigation made by the industrial and commercial bank in 2,831 enterprises, compared with 1985, the output value of 1989 increased by 5.4 billion yuan, or by 38 percent, and bank loans increased by 7.8 billion yuan, or by 94 percent. After income and payment were balanced, the account showed that an amount of 800 million yuan was overspent. According to incomplete statistics at the end of September 1989, the fixed-quota funds used by enterprises only increased by 5.49 billion yuan in the same period. Where did the other 3.1 billion yuan go? It was learned that about 10 percent of the loans provided by the bank as circulating funds had gone to the extra-state-budget projects in the whole province; the loans which had been unreasonably provided totalled 5.1 billion yuan, which was 20 percent of the total loans.

5. Many enterprises were in arrears with payment. By the end of November last year, the amount of loans due that had not been repaid by the state and collective materials supply and marketing enterprises reached 4.7 billion yuan, the amount not been repaid by construction enterprises reached 1.4 billion yuan, and that not been repaid by individuals reached one billion yuan. This had greatly affected the normal circulation of funds in enterprises.

The shortage of funds is an objective reality. What is important is that we must adopt effective measures to solve this problem.

First, it is necessary to provide the enterprises with more circulating funds. This is the best way to increase our economic returns at present. It is necessary to give more consideration to the extrabudgetary funds. Now the

extrabudgetary funds of our province (not including coal funds) have reached a total of 4.2 billion yuan. If we use one quarter of them, that means one billion yuan, our funds situation will be greatly improved and we will be able to achieve better economic results. At least, for the bank interest alone, we will be able to save about 100 million yuan a year, not to mention other increments.

Second, we must give more consideration to transportation. There is an overstocking of more than five million tons of goods in our province. They have consumed more funds than five million tons of coal. Of these overstocking goods, if the 750 million kg of corn were transported to other areas for exchange of other grains, we may release 400 to 500 million yuan of funds.

Third, it is necessary to continue to do a good job in "three clean-ups" and to work out effective measures to retrieve the funds that have been irrationally used. At the same time, it is necessary to try every possible means to accelerate the circulation of funds. If we can achieve the goal of accelerating the circulation of the funds by two percent in industrial enterprises this year, we will be able to save a large sum of funds.

In short, everything depends on our own efforts. Provided we work hard, and work out and conscientiously implement various effective measures, we will surely be able to solve the problem of the shortage of funds step by step.

#### Outlines Priorities

HK1502052390 Taiwan SHANXI RIBAO in Chinese  
20 Jan 90 p 1

[Report by staff reporter: "Vice Governor Bai Qingcai Sets Forth Four Tasks for This Year's Financial Work"]

[Text] At a recent provincial financial work conference, Vice Governor Bai Qingcai set forth four major tasks for this year's financial work. First, it is necessary to unify our thinking to ensure the fulfillment of the tasks of improvement and rectification in financial work. The objective of financial improvement and rectification in our province is to improve the disorder in our revenue and expenditure, overcome financial difficulties, and establish a normal distribution order so that our finances can follow a path of benign cycle, and so that we can achieve a smooth economic development in the course of reform and opening up.

Second, it is necessary to adopt an overall point of view and ensure that two proportions may increase in financial affairs. The central authorities require that the proportion of revenue in the national income and the proportion of the financial revenue of the central authorities in the total national financial revenue be increased. In our province, we must also gradually increase the two proportions. Under such a situation, we must take the interests of the whole into account and sacrifice certain local interests for the time being. We must be ready to

accept and fulfill the tasks assigned by the provincial authorities for concentrating funds.

Third, it is necessary to effectively increase our revenue. This work must be firmly grasped from the very beginning of the year. At the same time, it is necessary to further improve our management of levying taxes, conscientiously check the problem of inappropriate and unauthorized reduction or remission of taxation, and prevent the loss of revenue.

Fourth, it is necessary to firmly grasp financial retrenchment, which is the focus of our financial work. All people must be prepared to lead a thrifty life and must fully understand the necessity and importance of leading a thrifty life proposed by the central authorities. The governments at all levels must strictly follow the principle of doing things according to their actual capability and no longer do anything without financial guarantees.

#### Shanxi Reports Increased Industrial Production

HK1502052390 Taiwan SHANXI RIBAO in Chinese  
16 Jan 90 p 1

[Report by Qin Guohua (4440 6665 5478) and Liu Xuehe (0491 1331 4357): "The Total Value of Shanxi's Industrial Production Was 27.431 Billion Yuan Last Year"]

[Text] In 1989, the value of industrial production in the province was 27.431 billion yuan, an increase of eight percent over the previous year, over-fulfilling the plan. The industrial structure became more rational, giving weight continually to the basic industries of energy and raw materials.

According to the production statistics taken for 100 major industrial products listed in the assessment plan in the whole province, 66 products accomplished or over-fulfilled the production plan. The following characteristics are notable: Energy and raw materials products continued to develop with a comparatively high speed. Among them, output of raw coal was 275 million tons, accomplishing 112.4 percent of the plan set for the year, and an increase of 13.8 percent over the previous year. The power generated was 30.2 billion kilowatt hours, accomplishing 103.7 percent of the plan set for the year, and an increase of 9.2 percent over the previous year. The accumulative growth speed of some important raw materials products such as iron ore, pig iron, large steel products, small steel products, wire rod, steel belt, ferroalloy, coking coal, nitroded aluminum, gold, sulphur ore, caustic soda, cement, gypsum, and dyeing materials also maintained at 10 percent. Goods produced to support agriculture, which require key assistance, also maintained the trend of a steady growth, while the machinery industry, which accounts for quite a large proportion of the industry in our province, also experienced growth compared with the previous year.

### Shanxi Steps Up Foreign Economic Links

QW0603063190 Beijing XINHUA in English  
0254 GMT 6 Mar 90

[Text] Taiyuan, March 6 (XINHUA)—Shanxi Province in north China plans to absorb 40 million U.S. dollars in foreign capital, some 20 million more than last year, said the province's governor today.

According to Governor Wang Senhan, this year's investment and technology imports will mainly involve agricultural and water preservation projects, agriculture-related industries, power, coal, transport, education and technology advancement in medium-sized and large enterprises.

At the top of the list are 16 projects in the railway, power, and building industries.

The province is also choosing a bunch of old enterprises for foreign investment to upgrade technology.

The governor said, his province will also increase exports of machinery, electronics, chemical products, products made from coal and other finished industrial products as a proportion of total exports.

Last year, Shanxi's exports totalled 400 million U.S. dollars, 16 percent more than in 1988. Coal exports accounted for 42 percent of the total.

### Tianjin Assists Foreign Investment Ventures

HR1902015390 Beijing CHINA DAILY (BUSINESS  
WEEKLY SUPPLEMENT) in English 19 Feb 90 p. 2

[By staff reporter Zhang Yu'an]

[Text] Tianjin—Raising funds to support a key State-owned plant and several Sino-foreign joint ventures while seeking to establish new assets overseas is pretty ambitious for a local financial institution in Tianjin. The year's plan is especially ambitious against the backdrop of the nationwide economic retrenchment.

"This year, our primary task is to support key Sino-foreign joint ventures and major domestic projects in Tianjin," said Zhuang Yikai, president of the Tianjin International Trust and Investment Corporation (Titic).

The Sino-foreign joint ventures gaining the investment corporation's support include a Sino-French joint undertaking—the Tianjin Rouxide-Uclaf Pesticide Company Ltd. The pesticide business is the first Sino-foreign joint venture in farm material production. It is considered a high priority industry by the government, Zhuang noted.

Located in a northern suburb of the city, construction will start in April.

The plant is designed mainly to produce highly effective pesticides for insects afflicting cotton and vegetable crops.

At the same time, the foreign partner will help improve some traditional Chinese pesticides.

The Tianjin investment corporation is one of the 10 financial establishments in the country authorized by the State Council to tap overseas capital.

"The only local financial business with access to overseas capital resources, Titic has provided about 40 percent of the city's independently raised, development funds in local currencies—\$250 million," Zhuang said.

Another major task for Tianjin's investment corporation this year is to raise \$100 million for the country's biggest seamless steel pipe plant in Tianjin.

The plant, with a total investment of \$1 billion, will be able to produce 500,000 tons of high quality seamless steel pipe when operation begins in 1992.

Much of this production, 350,000 tons of it, will be in oil well drilling pipes. This is expected to help raise China's crude oil output because the oil industry is restrained by a shortage of such pipe.

At the moment, the corporation is preparing an investment in Britain.

Zhuang said the idea is to create a Chinatown in Docklands, an east central part of London. This will be the first such venture for a Chinese firm.

The project is a joint venture by Tianjin Dock and Ltd, Imperial Ltd of Britain and the Olympia York Company of Canada.

Docklands was once a prosperous port on the Thames river, which was heavily bombed and abandoned after World War II.

In recent years, the British Government decided to renew the area and build Docklands into a financial centre for Western Europe.

"Investment in the Chinatown project in Docklands is a far-sighted move," Zhuang said. When the Docklands development area is established in 1993, China will have a ready channel there to promote foreign trade and economic co-operation.

In April, a British delegation will come to Tianjin to sign agreements on the project, Zhuang added.

The corporation has already set up a joint venture in Shanghai—the Chamen Mumikong Company Ltd, a diesel oil business.

And by June, the corporation will set up its first overseas trading company, Zhuang said.



### Tianjin Briefing Views 1989 Economic Development

SK2502012590 Tianjin TIANJIN RIBAO in Chinese,  
25 Jan 90 pp 1-2

[Text] On 24 January, the municipal government held a news briefing to publicize the national economic development situation of the municipality in 1989.

The municipal government spokesman said that the year 1989 was the first year in which the national economy was consolidated. Over the past year, all departments throughout the municipality conscientiously implemented the central decision on improving the economic environment, rectifying the economic order, and deepening the reform and the municipal party committee's principle of "stability in three spheres." Through the concerted efforts made by all people of the municipality, the municipality has produced initially satisfactory results in improving the economic environment and rectifying the economic order. The statistics showed that the overheated social demand tended to drop, market goods prices tended to become stable, and all social and economic undertakings steadily made further advances.

1. The overheated social demand tended to drop, and the investment in fixed assets, consumption funds, and the scale of credits were initially brought under control. Major indicators were as follows:

The number of ongoing fixed assets was noticeably reduced and the scale of investment was brought under control. Statistics showed that 2,575 fixed assets were added in 1989, a drop of 620 from the preceding year. Of this, 940 were new projects, a drop of 548 from the preceding year. In 1989, the municipality made an investment of 8.388 billion yuan in social fixed assets, an increase of 0.2 percent over the previous year and a drop of 7.9 percentage points from the annual average increase of 8.1 percent in the previous three years. Of this, the investment by the localities reached 5.388 billion yuan, a drop of 3.8 percent. The investment was controlled within the state plan. If factors for price hikes were deducted, the real workload was reduced by about 25 percent from the previous year. The investment structure was improved, and the construction of productive projects, energy industrial projects, agricultural undertakings, cultural and educational undertakings, and public health undertakings was strengthened. The municipality guaranteed the construction of 96 key projects.

The trend of excessively rapid increases in consumption funds was initially brought under control. The wage bill of the staff and workers in 1989 totaled 6.04 billion yuan, an increase of 16.4 percent over the previous year and a drop of 4.7 percentage points from the increase rate of 21.1 percent in 1987. In particular, the wage and collectives' allocations to individuals and the town and township enterprises' expenses in wages were preliminarily brought under control. According to the statistics compiled by banks, the municipality's expenses on

wages, bonuses, and individuals reached 8.73 billion yuan, an increase of 16.6 percent over the previous year and a drop of 4.3 percentage points from the 1987 increase rate of 20.8 percent.

The institutional purchasing power was brought under control. The sales volume of special-control commodities was reduced by a big margin. Also, such institutions' consumption goods as goods for office work use, famous-brand cigarette and liquor, and expensive soft drinks was noticeably reduced. The volume of consumer goods sold at retail to institutions by the commercial departments reached 1.69 billion yuan, basically the same figure as the previous year and showing a drop of 20.1 percentage point from the annual average increase rate in the preceding three years. If price factors are deducted, the real reduction was about 13 percent.

The scale of bank loans was controlled within the state plan. The savings deposits of both urban and rural dwellers increased by a big margin. As of the end of 1989, the surplus bank loans reached 32.06 billion yuan, showing an increase of 4.22 billion yuan over the figure at the beginning of the year and fulfilling the annual plan for newly-increased loans by 97.6 percent. By the end of 1989, the surplus savings deposits volume of urban and rural dwellers reached 8.97 billion yuan, an increase of 2.7 billion over the figure at the beginning of the year and 1.92 billion yuan over the previous year.

2. The social supply continuously increased in the course of improving the economic environment and rectifying the economic order. The industrial and agricultural output steadily increased. The industrial and agricultural production structures were improved. According to preliminary statistics, the total industrial and agricultural output value in 1989 reached 49.97 billion yuan, showing an increase of 8.7 percent over the previous year and fulfilling the annual plan by 101.9 percent.

The industrial production increased at a proper rate. The total industrial output value in 1989 reached 47.85 billion yuan, registering an increase of 8.6 percent over the previous year, fulfilling the annual plan by 101.7 percent, and registering a drop of 9.8 percentage points from the 1988 increase rate of 18.4 percent. Of this, the total output value realized by industries at or above the township level reached 37.525 billion yuan, an increase of 3.9 percent over the previous year. In industrial production, the output of some people's daily necessities, energy resources, raw materials, and goods produced to support agriculture continuously increased. Along with the control over social demands and the weakening of markets, the increase rate of the output of investment-typed products and durable consumer goods tended to slow down, and the output of some of these products was reduced.

The municipality reaped an overall agricultural bumper harvest. The 1989 total agricultural output value reached 2.12 billion yuan, registering an increase of 11.6 percent over the previous year and fulfilling the planned target

by four percent or registering an increase of 7.6 percentage points. Of this, the output value of the cropping industry increased by 15.7 percent, and that of animal husbandry and fishery increased by 11.2 percent and 7.8 percent respectively. The output of grain, major cash crops, and foodstuffs increased comprehensively. The grain output reached 1.696 billion kg, an increase of 115 million kg or 7.3 percent over the previous year, setting a historical record. The output of foodstuffs increased by a big margin. Last year, the total vegetable output reached 2.6 million tons, an increase of 20.7 percent over the previous year, and the output of meat reached 106,000 tons, an increase of 24.6 percent.

3. The trend of price hikes was effectively brought under control. The municipality continued to maintain a fairly low level among the large and medium-sized cities throughout the country in terms of the price hikes. In 1989, the municipality's retail prices of consumer goods rose by 15.1 percent over the previous year, lower than the 1988 price hike rate of 17.7 percent, as well as the 1989 average price hike rate of the country's 35 large and medium-sized cities. Meanwhile, the municipality continuously maintained a fairly low level among these cities.

4. The trend of excessive market demand was noticeably weakened, and market supply tended to be stable. Along with the gradual development of the work of improving the economic environment and rectifying the economic order and the improvement of the macro-economic environment, the contradictions between supply and demand were alleviated. The municipality steadily increased the supply of the people's daily necessities with the focus on foodstuffs and large-sized durable consumer goods, and remarkably changed the unhealthy situation in which urban and rural dwellers blindly rushed to purchase and indulged in consumption in advance. The total retail volume of commodities reached 4.41 billion yuan, an increase of 11.2 percent over the previous year and a drop of 15.5 percentage points from the 1987 growth rate. Of this, the retail sales volume of consumer goods was 11.74 billion yuan, an increase of 12.5 percent over the previous year (if factors for retail price hikes are deducted, the retail sales volume of consumer goods was reduced by 2.3 percent) and a drop of 15.1 percentage points from the 1987 growth rate of 27.6 percent.

5. The municipality continued to develop foreign economic relations and trade. In 1989, the municipality faced many difficulties in using foreign capital and developing foreign export trade, and the trend of economic decline emerged for a certain period of time. However, thanks to the concerted efforts made by foreign export trade and all departments concerned, the municipality still produced good results in creating foreign exchange through exports. The total value of exports through ports reached \$1.684 billion, fulfilling the annual export plan by 107.3 percent and showing an increase of 0.1 percent over the previous year. The total value of commodities purchased for exports reached

1.63 billion yuan, fulfilling the annual plan by 103.6 percent and showing an increase of 0.1 percent over the previous year.

In 1989, the municipality signed 112 contracts on using foreign capital, 11 more than the figure of 1988. These contracts involved \$242 million worth of foreign capital. Of them, 97 were signed with \$85 million worth of investment directly made by traveling traders, three more than the figure of 1988. A total of \$430 million worth of foreign capital were really used during the year, an increase of 25.1 percent over the previous year.

6. The real income of staff and workers steadily increased. In 1989, the municipality faced temporary difficulties in economic development, markets slumped, industrial and commercial enterprises were confronted with more difficulties in management, and some plants were operating under capacity. However, all departments concerned adopted positive measures and enterprises vigorously developed diversified economy, thus basically ensuring the stable increase in the real income of staff and workers. The average wage of staff and workers in 1989 was 2,138 yuan, an increase of 279 yuan or 15 percent over the previous year and higher than the rise in the cost of living.

Improvements were made in both urban and rural dwellers' living standards and living environment. According to a sample survey, urban dwellers' annual per capita income for living expenses averaged 1,374.6 yuan, an increase of 142.8 yuan over the previous year, and rural dwellers' annual per capita income averaged 1,020 yuan, an increase of 128.8 yuan. Along with the realization of the 20 practical deeds for urban and rural people done by the municipal government, the people's living conditions were continuously improved, and much headway was made in medical facilities, transportation, education, and cultural activities.

The spokesman pointed out: Through the efforts over the past year, the municipality produced certain achievements in improving the economic environment and rectifying the economic order. However, the achievements were preliminary ones. A considerable number of problems were accumulated in the past few years, we started with the work of improving the economic environment and rectifying the economic order not long ago, we failed to eliminate deep-layered contradictions cropping up in the course of economic development, and some new problems also emerged. With both new and old contradictions, the municipality still faced a grim situation of economic development. There were three major prominent contradictions.

A. The contradictions of the national economic structure were more prominent and the operation of social reproduction became stagnant. Affected by the fact that consumer goods were unmarketable, the output of state-owned industrial enterprises was reduced by 0.6 percent, the volume of finished products kept in stock almost increased by 100 percent, and 70 percent of newly added

industrial loans were occupied by finished products. As a result, the contradictions of social reproduction became more prominent.

B. The contradictions between foreign exchange earnings and use of foreign exchange became more prominent due to the stagnation of foreign export trade. Although the municipality fulfilled the state-assigned plan for export through ports, the export volume basically remained unchanged. In particular, large enterprises reduced their product export volume, and the proportion of their export products in the municipality's total industrial and agricultural output value dropped from 7.9 percent in 1988 to 7.3 percent in 1989. The municipality still had a long way to go in order to meet the demands of the development of export-oriented economy; thus, the contradictions between foreign exchange earnings and use of foreign exchange became more prominent.

C. Enterprises' economic results continued to decline principally because of large-scale shifts of profits, such as the rise in the prices of raw materials and the interest rates. According to the financial statistics, in 1989, the cost of comparable products of state budgetary industrial enterprises rose by 25.3 percent, and their profits were reduced by 22 percent. The capital profit tax rate was reduced from 28.4 percent in 1988 to 18.4 percent, and the rate of profit taxes from sales of products dropped from 15.8 percent to 12 percent. The per capita labor productivity of state industrial enterprises dropped by 1.1 percent. Due to the declines in the enterprises' economic results, the large-scale shift of profits, and big increases in financial subsidies, the contradictions in arrangements for local expenditures became more prominent.

The spokesman stressed: The year 1990 is the key year to improve the economic environment and rectify the economic order. On the premise of continuously controlling total demand and total supply, we should vigorously readjust the production structure and strive to increase economic results. Only when all localities and departments actually unite their thinking and action with the guidelines of the fifth plenary session of the 13th party Central Committee and the fifth plenary session of the municipal party committee, are inspired with enthusiasm, and attend to their work in a down-to-earth manner can our municipality's national economy continuously develop.

#### Tianjin Joint Ventures Increase Export Volume

SK260204790 Tianjin TIANJIN RIBAO in Chinese  
22 Jan 90 p 1

[Summary] According to the statistics made by the Municipal Committee for Foreign Economic Relations and Trade so far, the municipality has 194 wholly foreign-owned enterprises, Sino-foreign joint ventures, and Sino-foreign cooperatives. A total of \$357.77 million were invested in these enterprises. Of this, \$151.57 million or 42.4 percent were invested by the foreign side. As of the end of last year, 57 of these enterprises were

approved as those with export products and advanced technologies, accounting for 28.6 percent of the total. Thus, the municipality has strengthened its capacity of creating foreign exchange through exports. The proportion of these enterprises' export volume in the total volume of exports through Tianjin outlets rose from 0.79 percent in 1987 to 1.47 percent in 1988 and to 3.1 percent in 1989.

#### Northeast Region

##### Heilongjiang Hopes To Increase Foreign Trade

OH2202191190 Beijing XINHUA in English  
0844 GMT 22 Feb 90

[Text] Harbin, February 22 (XINHUA)—Heilongjiang Province in northeast China is striving to boost its foreign trade this year after obtaining a record result last year, according to Deputy Governor Du Xianzhong.

The province exported one billion U.S. dollars worth of goods last year, up 9.4 percent over the previous year, and there was an increase in its exports in the first month of this year, the deputy governor said.

According to him, Heilongjiang approved 81 foreign-funded projects last year. These projects, involving 97.08 million U.S. dollars, are connected with the upgrading of enterprises, medium-sized and small items of compensation trade and enterprises with sole foreign investment that need little capital and bring about quick results.

Last year saw the province export six technological projects involving 7.02 million U.S. dollars, compared with only one such project in 1988.

Thanks to helping foreign-funded enterprises solve problems in the supply of energy, raw materials and funds and transportation, the deputy governor noted, the province's foreign-funded enterprises exported 14.5 million U.S. dollars worth of goods last year, up 130 percent over the previous year.

##### Sun Weiben Addresses Heilongjiang Party Plenum

SK2704082190 Harbin HEILONGJIANG RIBAO  
in Chinese 5 Dec 89 pp 1,2

[Excerpts] of speech of Comrade Sun Weiben, secretary of the Heilongjiang Provincial CPC Committee, at the fourth plenary session of the sixth provincial party committee on 4 December 1989.

[Text] The Fifth Plenary Session of the 13th CPC Central Committee was an important meeting convened at a key historic moment of the national economic development. The session will have great impact on weathering the current economic difficulties, promoting the sustained, steady, and harmonious development of the economy, promoting political and social stability,

and ensuring the realization of the second-step strategic goal of socialist modernization. After the plenary session, the provincial party committee convened an enlarged Standing Committee meeting to relay, implement, study, and discuss the guidelines of the session by two stages. According to the guidelines of the session and the province's actual conditions, the provincial party committee developed a program for implementing the "CPC Central Committee's decision on further improving the economic environment, rectifying the economic order, and deepening reforms," which the Fifth Plenary Session of the 13th CPC Central Committee adopted, and submitted it to the fourth plenary session of the sixth provincial party committee for discussion and approval.

Comrade Qilve, deputy secretary of the provincial party committee, explained the program: The program comprehensively arranges the work of further improving the economic environment, rectifying the economic order, and deepening reforms during next year or the coming two or three years. All localities and departments should conscientiously implement it. According to the situation discussed at the plenary session, I am going to talk about the four following issues.

#### 1. Face Up To Difficulties And Have Firm Confidence

Since the Third Plenary Session of the 13th CPC Central Committee, party committees and governments at various levels across the province have resolutely implemented the guiding principle of improving the economic environment, rectifying the economic order, and deepening reforms, have conscientiously implemented the major measures for reducing investment and consumption, stabilizing markets and goods prices, and consolidating the circulation order, as set forth at the second plenary session of the sixth provincial party committee, have implemented a program for stabilizing the markets based on ensuring the supply of 383 commodities, and have made contributions to promoting the stable development of the province's economy. When comparing the situation of the province in the first three quarters of this year to the situation of the whole nation, first, the province's economic development fluctuated within a narrow range; second, the province's price hikes dropped noticeably; and, third, the province's markets were relatively stable. It is not easy to maintain such a comparatively stable development situation under the strained macroeconomic situation. This resulted from the fact that the vast number of cadres and the people worked with one heart and soul, took the overall situation into account, and worked arduously to overcome difficulties.

We have produced preliminary results in improving the economic environment and rectifying the economic order. However, the situation before us is very severe. These are some of the prominent problems at present: 1) Agricultural production was reduced, due to disasters. The total grain output was reduced by 4.9 percent from 1988, flax production was reduced by 38 percent, and beet production was reduced by 28 percent. The total

agricultural output value is expected to decline slightly from last year. 2) Markets were weakened, there was a strain on funds, and the economic growth rate and economic results were reduced. 3) Finance and credits were not balanced. 4) The citizen's real income was reduced.

The people have been affected by these difficulties. What most concerns the people is whether or not these difficulties can be eliminated. So, it is necessary for us to specifically analyze the three fundamental contradictions in the economic activities.

A. The contradictions between total supply and total demand basically have not been alleviated. It is imperative to further retrench the money market. Thus, the difficulties in the economic activities will become very serious next year. From 1984 to 1988, the province's national income annually increased by 6.9 percent; the investment in fixed assets annually increased by 16.1 percent; the staff and workers' wage bill annually increased by 17.4 percent; and the increases in investment and consumption demands were much higher than the increase in the national income. Although the province was determined to retrench 0.2 money market in 1989, the tendency of economic declines emerged. The total demand still outstripped the total supply, due to the unchanging demand and the failure to make changes in investment over a period of time. It is obvious that contradictions between total demand and total supply have not been alleviated. If we do not adopt special measures within the overall context of retrenching the money market, the industrial growth rate for next year will possibly be lower than this year's industrial growth rate, even though the annual industrial growth rate has not reached the lowest level.

B. The structural contradiction has not been fundamentally relieved, and the economic "bottle-neck" has restricted the development of basic industries. All of this will affect economic development not only in 1990 but also in the coming years. The province's basic industries, (including agriculture, the mining industry, the raw materials industries, and communications and transportation), have shown a decline in production. They cannot prop up the extremely large economic scale. Manifestations in this regard are as follows: 1) Agricultural development has lagged behind industrial development. 2) The development of basic industries has also lagged behind the development of processing industries. It is very difficult for us to rapidly remove the economic "bottle-neck" that has restricted the development of fund-intensive basic industries and of heavily-funded agriculture because of the steady curtailment of funds in the coming years. Therefore, it is very possible for us to suffer a slowdown in economic increase not only in 1990 but also in the coming years.

C. The contradiction between high input and low yield has not been relieved. The repayment of accumulated debts will be increasingly aggravated. All of this will not only continue to affect economic development but also



influence the speed of improving the people's living standard, which will not be as fast as before.

All in all, the three fundamental contradictions in our economic life, including the imbalance in gross volume, the discord in structure, and slow economic results, have not been fundamentally relieved. We are also unable to rapidly solve these contradictions. This dictates that we must be ready to suffer a long-term slow period in economic growth and to tighten our belt in the coming years.

In facing the new situation, in which economic growth has suddenly dropped, our comrades who originally and insufficiently estimated the difficulties have again found themselves at a loss as to what to do. The have no way out and are in a state of inertia; they have become dispirited and pessimistic and harbor the idea of "waiting for a change, depending on others to act, asking for help, and implicating others." Therefore, while estimating the difficulties, by seeking truth from facts, it is also necessary to earnestly analyze favorable conditions for overcoming difficulties and to find a favorable turn, potential, and hope after having encountered difficulties.

What we are facing are difficulties on the road ahead and also the basic readjustment between the rapid growth of economic strength and a rapid improvement in the people's living standard. Over the past 10 years of reform, as compared with the preceding 30 years, the province's total production has doubled, there has been a 200 percent increase in fixed assets investment in energy resources has shown an 80 percent increase, the total driving power of farm machines has shown a 1.2-fold increase, and the primary value of fixed assets possessed by town-run enterprises has shown a six-fold increase. The problems of the people having warm clothes to wear and enough to eat have been basically dealt with. The supplies of the majority of daily consumer goods have been sufficient. The province has established economic and trade relationships with more than 80 foreign countries and regions in the world. The vigor of enterprises and the capability to regulate markets have been greatly enhanced. It may be said that our current capability of withstanding the readjustment that was conducted among various economic sectors has become stronger than before. In addition the capability of enterprises to relieve the tremors caused by the readjustment have become stronger than before. The current drop in the scale of production increase and improvement in living standards also represents a slowdown instead of the high-speed growth advocated several years ago. Therefore, we should not only face squarely and deal with the recent problem of scattered and negative increases, but also totally refrain from being frightened out of our wits while encountering the temporary slowdown. We should be fully confident in overcoming the difficulties on the road ahead by making full use of the material conditions that we never had before.

The current slowdown and the weakening of markets do not mean a general economic recession but represent a

basic structural readjustment with both a curtailment and an increase of projects. In considering industries, processing industries have decreased and basic industries have increased. In varying different regions, the development speed of processing industries in some key cities has declined and that in the production bases of energy resources has increased. In view of markets, sales of life necessities, consumer goods, household electrical products, and products which urgently need investment have been stagnant and they have been overstocked. But animal by-products, means of agricultural production, and a number of raw materials have been in short supply. The situation indicates that the decline in the current growth rate and the weakening of markets are by no means uniform. In fact, there are increases in some spheres, and the markets in some fields are brisk. On the whole, the situation conforms to the requirements for structural optimization. Only when we further positively carry out readjustment in line with industrial policies and market demands can we certainly persevere through difficulties and gradually embark on the sound orbit of a benign economic cycle.

There are both advantages and disadvantages, both weakness and potential, and both difficulties and favorable turns in the course of improving the economic environment and rectifying the economic order. Only when we positively attend to transformation can we extricate ourselves from strained circumstances. The decline in social demand is an inevitable effect of the first stage of improving the economic environment, rectifying the economic order, controlling capital construction, reducing consumption, and retrenching credits. Through improvement and rectification, the contradictions between supply and demand have been alleviated, inflation has been controlled, the rate of increase in the prices of goods dropped with each passing month, the prices are as stable as what the people expected, consumption has been deferred by the positive increase in savings deposits, and the people's feelings and society have become stable. With the pressure imposed by the retrenchment of funds and markets, enterprises must take the path of making technological findings, renewing products, deepening reforms, and upgrading quality in order to survive. This is the expected result from retrenching credits as well as a way of promoting the sustained, stable and harmonious development of the economy.

In the course of improving the economic environment and rectifying the economic order, we must sacrifice, to a certain degree, the interests of the part in order to submit ourselves to the whole. However, we can gain more benefits in the course of improving the macro-economic readjustment and controlling and optimizing the economic structure. 1) Our province is a big province in terms of basic industries. The province's basic industrial output value accounts for nearly half of the province's total production, when nationwide it amounts to one-third. Under the dominant circumstance in which the state is going to replace the policy of giving priority to

the development of some industries with that of giving priority to some areas with the focus on developing basic industries, our province will have, relatively speaking, great possibilities for steadily developing its economy. 2) Our province is a key agricultural production base in the country. Our province is among the best in the country in terms of the per capita arable land, grain commodity rate, and grain commodity volume. The central authorities decided to concentrate efforts on developing agriculture, to increase the investment in agriculture, and to focus on harnessing rivers and building commodity grain production bases. With advantages in these two spheres, possibly our province will gain support. 3) Our province is a big province in terms of the amount of raw materials allocated to other areas. The province is among the best in terms of the allocation of petroleum, timber, coal, and commodity grain to other areas. The implementation of the state measures for gradually readjusting the prices of key capital goods will be conducive to helping our province change the excessive loss of value due to these allocations. 4) Our province's mandatory planning accounts for a higher proportion of the total planning. The provincial industrial sector's mandatory planning accounts for 37 percent (that of the whole country accounts for 20 percent.) Thus, the province has relatively strong factors for stabilizing the economy. From now on, the central authorities will take measures to appropriately expand the scale and the proportion of mandatory planning. Meanwhile, the impact on our province will be relatively slight. So, it will be possible for the province to continuously maintain stability. 5) Large and medium-sized enterprises are well distributed in the province. Our province will possibly gain more benefits from the implementation of the central authorities' decision on giving priorities to large and medium-sized enterprises in the supply of funds, energy resources, raw materials, and power.

Through analyzing the aforementioned situation, we know that the economic difficulties that have accumulated for many years are actually serious. However, there are many favorable conditions for solving the difficulties. What leaders at various levels should consider at present is that in facing economic difficulties, they must not ideologically fear difficulties or "slip" spiritually although production may decline after a rise. There are great differences between positivism and negativism in this regard.

## **2. Wholeheartedly Improve the Economic Environment, Rectify the Economic Order, and Deepen Reforms**

In facing the problems that have accumulated over the past years and the severe situation, the objective point of view does not allow us to half-heartedly carry out the work of improving the economic environment, rectifying the economic order, and deepening reforms. So, we have no choice but to clearly understand the overall situation, assume a high degree of responsibility to the people, and wholeheartedly improve the economic environment, rectify the economic order, and deepen reforms. Thus we will embark on the path of developing the economy in a

sustained, stable, and harmonious manner. The endeavor of improvement, rectification, and deepening of reforms is not a temporary, local, and single-term task. It is a systemic engineering project involving the entire society and commanding the entire situation. It involves not only the adjustment and disposition of numerous essential elements for production, such as science and technology, funds, resources and manpower, but also the rectification and coordination of the various links of reproduction, such as construction, production, circulation, distribution, and consumption. It affects not only such major issues as adjustment, reform, and development but also economic, scientific, and technological, social, ecological, political, and other spheres. It is aimed not only at solving the current pressing problems of inflation and price rises but also at making progress in resolving more profound issues, such as the transformation of the pattern of development from pursuit of high speed and large scale to the pursuit of effective operations and economic benefits. It is also aimed at the transformation of the economic structure to achieve a well-proportioned economy, and an upgraded structural transformation of the ways of development from reliance mainly on input of funds and resources to reliance mainly on scientific and technological progress, and transformation of economic systems to establish a new mechanism that combines the planned economy with the market regulations. With regard to such a systemic engineering project that involves the implementation of the guidelines of the fifth plenary session of the party Central Committee, the stability of the economy, and political situation, and the fundamental interests of the people, we should make meticulous designs and comprehensive plans and arrangements for it, and coordinate the efforts of all fields to ensure that it is carried out in an orderly and effective manner.

As for the work in the endeavor of improvement, rectification, and deepening of reforms we need carry out, we would like to emphasize several important issues in economic work.

A. We should adhere to the principle of resolutely maintaining and credit, strive to vigorously finance, and credit and rectifications, and achieve an appropriate economic growth. At present, due to a decline in production, all fields have a strong call for relaxing the control over the issuance of money. Have we seriously lightening the control? The actual situation is that we have lightened the control over issuance of money, but have not reduced supply. The province's scope of credit will actually be increased by 12 percent over last year, which is greatly higher than the economic growth rate. By the end of this year the input of cash will be 11 percent more than the average amount of the previous five years. It was precisely because we failed to reduce the supply of money when it should be reduced that we failed to fulfill the state-assigned target for reducing the province's local investment in fixed assets for this year. The province's institutional purchase in the first nine months of this year was higher than the national average. Now that the

endeavor of improvement and rectification has entered a crucial period, we must never resort to our past practices of tightening control when over-issuance of funds occurred, relaxing (production) when control was tightened, issuing calls for action when production declined, relaxing control when those calls were issued, and making the over-issuance more serious by relaxing controls. How could our fund supply be stressed to such an extent, even though the input of credit grew at a higher rate than the economy? The key problem is our failure to make funds circulate, and is also our low efficiency in using funds. Therefore, whether we can intensify credit retrenchment, advance while maintaining stability, and keep appropriate economic growth, will be determined by our ability to solve the problems in the supply of funds. For this reason, we should particularly do a good job in invigorating and optimizing the circulation of funds. First, we should pay close attention to "two cleanups" (cleaning up overstocked goods and debts), and do a good job in marketing to invigorate the circulation of funds. To clean up overstocked goods, we may hold meetings to exchange materials, make orders of goods, and conduct trade. We may dispose of overstocked goods through exchange, barter, and sales on credit within our own departments. To clean up overdue loans and recover old and bad debts and the debts owed by workers are the major tasks to invigorate the circulation of funds. Overdue loans among grain enterprises, large and medium key enterprises, and enterprises which constitute the mainstay of local finance should be cleaned up on a priority basis. They should repay the flexible funds they owe to one another, select the best way of repayment, and, through their repayment, speed up the circulation of funds in large areas. We should also attach importance to marketing, actively open up domestic and foreign markets, and organize well the sales of industrial goods in rural areas. Second, we should adjust the credit structure and optimize the direction to which we put our funds. At present, all of us are hoping that the projects which deserve to be maintained could be totally maintained and not curtailed, and that the projects which deserve to be added could be added and not cancelled. However, it is actually difficult for us to act this way without fail, because the "start" funds released by us to protect the enterprises which are turning out commodities in short supply and with high economic results in line with the principle of bringing the total credit and loan volume under strict control are often occupied instead by the enterprises which suffer losses and supply more products than needed for building capital construction projects. As a result, we have also protected those whose products are in excess supply while trying to protect those whose products are in short supply. We have brought about a quick sediment to the "start" funds and have been unable to "enliven" the fund circulation. Judging from this, we cannot protect the key enterprises without curtailing loans for the money-losing enterprises which have fostered a "fast knot" in their debts and for capital construction projects as well. We also cannot protect the fine quality products without imposing restriction on the poor quality ones.

Therefore, in line with the state industrial policies, we must readjust the credit structure, vigorously protect key enterprises, vigorously curtail the production of enterprises which suffer losses and whose products are unacceptable, and adopt the measures of merging the plants, transferring the production to other commodities, and setting up technical associations so as to promote the readjustment of economic structure.

B. Efforts should be made to truly orient the economic work to a track where agriculture is the foundation and strive to boost agriculture to a new level. In improving the economic environment and rectifying economic order, we should have agriculture "make an increase," because it is the key to reviving the situation as a whole and really has the potential for development. Therefore, it is imperative to regard agriculture as an emphasis in the province's economic work and to pay attention to the following tasks: 1) Efforts should be made to have leading personnel at all levels and the broad masses of cadres regard agriculture as an industry which can stabilize the world, to bring about a change to the situation in which "agriculture is only emphasized by chanting a slogan," and to whip up a sentiment throughout the province and the party in attaching importance to agriculture, in supporting agriculture, and in developing agriculture. In particular, the provincial level departments must bring about a change to their ideology and work style and serve the agricultural forefront in a down-to-earth manner. 2) Efforts should be made to enhance the leadership of agriculture, which is exercised by the party and government principal leading personnel, and to establish or improve the leading system for agriculture. Party committees at provincial, city, prefectural, and county levels should assign one of their deputy secretaries to take personal charge of agriculture. The agricultural commissions at all levels should be responsible for both the party and the government and define their duties, and enjoy the right to conduct relevant management over agriculture. Measures adopted by some prefectures and cities, in which an agricultural commission is responsible for managing or harmonizing the work among agricultural banks, grain management bureaus, and supply and marketing co-operatives, should be acknowledged and applied by the authorities at provincial, city, prefectural, and county levels. Leading personnel in prefectures and counties as well as cities where there is proportionally more agriculture than in other places should concentrate their main efforts on agricultural work. 3) A good job should be done in conducting reform in rural areas and in implementing important measures for increasing production. Efforts should be made to widely publicize the party's basic rural economic policies of "five constancies," the responsibility systems with payment linked to output, which are mainly enforced among household-run enterprises, will remain unchanged, the policy on having the people commonly become wealthy and on allowing a number of regions and people to first become better off will remain unchanged, the policy on encouraging or leading the town-run enterprises to achieve healthy

development will remain unchanged, the policy on the purchase and sale of main and sideline farm products that have been turned out under the system of a planned economy and regulated markets will remain unchanged, and the policy on "resolutely refraining from relaxing grain production and actively developing a diversified economy" as well as on continuously and stably readjusting or improving the rural industrial structure will remain unchanged. Efforts should be made to further improve or develop the responsibility system and the system of enhancing services, to actively popularize the successful experience gained by the grass-roots level units in enforcing the "double protection" system of land management, in establishing mutual-assistance farms for peasants, in setting up peasants' cooperative foundations and associations for specialized production, and in implementing the systems of carrying out unified planning and of conducting separate management among the fields covered by the joint plan for some crops and of conducting collective management over farm machines, and to realize the optimization, combination, and scientific arrangement for agricultural production elements so as to bring about large-scale economic results. We should uphold the principle of having grain production, animal husbandry, and enterprises exert concerted efforts to push forward the development of other industries and trades and of optimizing the rural industrial structure. A good job should be done in emphatically grasping grain production to ensure the implementation of various measures covered by the "plan" for increasing production. Efforts should be made to actively develop animal husbandry and household-run enterprises and to continuously enrich the "vegetable basket" project. By proceeding from the province's reality, town-run enterprises should consolidate their achievements in development, actively readjust their structure, vigorously increase economic results, and guard against any inadequate curtailment and restriction. Efforts should be made to realistically readjust the structure of plans, financial revenues, credits, and material distribution, to truly enforce the special policy among farming operation, and to increase agricultural input. Relevant departments should rapidly formulate measures in accordance with the special policy and ensure the implementation of these measures.

C. Efforts should be made to realistically orient the economic work on level with the emphasis of increasing economic results. Efforts should also be made to vigorously encourage large and medium-sized enterprises to tap their potential and increase economic results. The potential in this regard is very large. We should regard the large and medium-sized basic industries as a focal point in realistically being successful in tapping potential and in increasing economic results, and we should emphatically carry out the "one guarantee" and the "two optimizations." First, we should guarantee the production of key enterprises. In line with the policies on industries and the principle of helping the superior and restricting the inferior, we should arrange these enterprises in order of their merits and demerits, define the

name-list of enterprises whose production must be protected, and give a helping hand to the production of key products. As for the 116 basic industries whose production is under the guarantee of the provincial authorities, we should formulate a plan and make a list for practically ensuring their production in raw coal, power, transportation, funds, and raw materials. Second, we should improve the responsibility systems and optimize the internal management of enterprises. In signing a new contract, a good job should be done in emphatically dealing with the four crucial links, including the asset and fund estimation conducted prior to the signing of contracts, the seeking of perfect indices in contracts, the competitive selection on merit of contractors, and the regular auditing work conducted after the signing of contracts. Efforts should be made to foster an effective mechanism or strong pressure under which enterprise managers will find themselves no longer able to live off their past gains and to ask for state support and with no choice but to devote themselves to optimizing their management skills and tapping their potential to increase economic results. Thirdly, we should realistically establish the all-embracing system of economic accounting, work out the demand and schedule, lowering costs, reducing consumption, upgrading product quality, increasing the variety of products, reducing the occupation of funds, improving equipment to a new level, and upgrading the value of assets. Efforts should be made to drive the system and the demand and schedule implemented at all levels and by every workshop, work team, and individual. Efforts should be made to link the system and the demand and schedule with the incomes of staff members and workers so as to apply the responsibility system to truly increasing economic results. Third, efforts should be made to conduct reasonable integration of production elements to promote the optimization and arrangement of production elements for industries. We should adopt the method of using administrative and economic measures simultaneously and of using multiple ways of merging enterprises, setting up associations among enterprises, and enforcing the public stock system to actively and adequately promote the merging of enterprises, to organize enterprise groups, and to enable idle production elements to be transferred from inferior enterprises to superior ones. Our province should formulate a plan for conducting the reasonable integration of production elements during the period of improving the economic environment and rectifying the economic order and for optimizing these elements and making arrangements for them. It should also improve the policies in order to coordinate with the plan so as to ensure the implementation of the plan.

D. Efforts should be made to resolutely orient economic development onto the track that depends on scientific and technological progress, and to apply scientific and technological progress to encouraging the readjustment of structure and to increasing economic results. At present, we have entered the crucial period of improving the environment and rectifying order, with the emphasis on readjusting the structure and increasing economic



results. Under the situation in which we are tightening our belt, it is very difficult for us to go through an ordeal of readjusting the structure and increasing quick results only by depending on increasing the output of the limited funds and material resources. However, the two problems which have a deep bearing on every level must be dealt with. Therefore, it is imperative to rely on scientific and technological progress to realize the "mountainous encouragement" of readjusting the structure and increasing economic results. First, we should introduce or develop new products and encourage the readjustment of the production structure. All enterprises should organize their specialized forces to engage in the research and manufacture of new products and set up technical associations with the scientific research units, universities, and large plants to mutually tackle the problems. They may buy patents, introduce or develop new products, and open new markets to encourage the readjustment of the production structure. Responsible departments should work out plans for developing and bringing on key products and should carry out incentive policies for clarifying and renewing products. This is a realistic aim as well as a main direction of attack in readjusting the economic structure. Second, we should organize, on the principle of specialized cooperation, technological transformation and encourage enterprises to carry out structural reforms. We have stressed on several occasions that "large enterprises should guide small ones" and that "small enterprises should be organized into big ones." We have developed specialized cooperation among enterprises with advantages and those with new products, and we have made efforts to set up enterprise groups. Although we have made some achievements in these regards, not much headway has been made. One of the important reasons is that in conducting specialized cooperation, supplementary plants should conduct technological transformation and equipment renewal in line with the requirements of basic industries. In the past, it was difficult to achieve this under the situation in which the planned management was badly weakened due to diversification of interests. With the focus on planned management, now, we have conditions for making plans for conducting specialized cooperation and making investments, for realistically turning from conducting "small and all-embracing" technological transformation among individual enterprises to conducting in a coordinated fashion a technological transformation among enterprise groups, and for turning individual enterprises' product advantages into regional product advantages, with a view to promoting the readjustment of production structure. The provincial party committee and the provincial government decided to concentrate funds, scientific and technological forces, and sufficient materials and goods, and to organize enterprise groups to help develop the economy on a contract basis, with a view to successfully promoting the movement of relying on science and technology to revitalize agriculture. By doing so we can rapidly promote the development of key basic industries with less investment and make a breakthrough in the key link of readjusting the production structure.

E. We should shift, on a step-by-step manner, the focus of the economic structure into the orbit of linking the planned economy with market regulation, unwaveringly deepen reforms, and expand the scale of opening the province to the outside world. The imperfect economic operational mechanism is the source of some economic problems, such as the worsening of the economic structure, low economic results, extra-quota distribution, and confused production flow. Therefore, we cannot but keep to the path of reforms and opening the country to the outside world, through which the country will become stronger and stronger. At present, we should pay particular attention to handling some of the inevitable problems in economic activities. 1) On planning and marketing. In developing the socialist economy, we must stress the solemnity of planning and we must strengthen the functions of macroeconomic readjustment and control. While improving the economic environment and rectifying the economic order, it is of particular importance to bring into play the superiority of the socialist planned economy. But, the market is an objective reality. All enterprises and all economic activities cannot divorce themselves from the market, just because the market is a carrier of enterprises' economic activities as well as the summation of the relations of the exchange of commodities. Even the commodities managed by state mandatory planning should consciously conform to the law of value and suit market demands. At the same time of improving the economic environment and rectifying the economic order and according to the requirement of paying more attention to planning, we should appropriately expand the scale of mandatory planning and narrow the scale of market regulation on the premise of not returning to the management method of the mass unified plan. State mandatory planning cannot dominate numerous small enterprises. Under the circumstances that the macroeconomy is retrenched, enterprises are operating under capacity, and deficits are rising, the problems in this regard have become more prominent. Therefore, these enterprises should be encouraged to cater to market demands, actively readjust their structure, and enliven production. The tendencies of daring not to stress the market or to study and operate market regulation are wrong. 2) On encouragement and restriction. The weakening of enterprise restrictions is the macroeconomic foundation for inflation. To suit the demands of improving the economic environment and rectifying the economic order, to control expanded consumption, and to prevent the phenomena of wages eroding profits and profits eroding assets, we should prominently attend to the establishment of the restriction mechanism. For example, we should adopt the method of opening invitational bidding, optimizing managers, using competition to restrict enterprises and to block negotiations between two enterprises. We should reduce taxes and offer benefits to investors, we should also adopt the method of urging all personnel to implement the mortgage contract system and of using the risk-taking method to keep the actions of enterprises within bounds in order to gradually solve the problem of enterprises' taking responsibility only for the profit but

not for the losses, and we should improve the method of linking wages and bonuses to the enterprises' economic results and use labor productivity, material consumption, and the target set for the rate of reducing the cost to regulate, balance, and keep allocations within bounds. We should prevent the problem of wages and bonuses increasing more than the growth of labor productivity from continually cropping up; we should set restrictions on property rights and prevent the problem of enterprises not being able to pay their debts with their working funds; we should prevent the problem of enterprises losing their assets by auditing their property and working funds and raising the value guaranteed and value added targets of their assets through contracts; we should adopt the method of merging the bankrupt enterprises with other enterprises in an effort to prevent enterprises from going bankrupt and to solve the problem of "eating from a big common pot" which prevails in the relations of the money-losing enterprises to the state. 3) The problems on centralism and decentralism. In the endeavor of improvement, rectification, and deepening of reform, we must stress an appropriate centralism and enable the country and our province to grasp the necessary financial and material resources to guarantee priorities. However, we must not practice the original highly concentrated planning system. If we take back too many of the financial, materials, and planning rights and give them to the responsible departments, we will inevitably return to the old practices in which the lower levels "strive to fight for funds throughout the whole year," and the responsible departments "are busy with distributing money all year long." Under the current situation in which the degree of democratic and scientific policymaking and the building of clean politics are fairly low, the serious practice of "eating from a big common pot" and low efficiency will surely be created and unhealthy trends will surely exist. In addition, they will also affect the work of the higher levels, such as in macroeconomic planning, overall balance, and policy study and will easily cause mistakes for the overall situation. Therefore, in the course of concentrating financial and material resources, we should pay attention to mobilizing and protecting the enthusiasm of the grass roots and enterprises. Under the situation of expanding the powers of the planning, monetary, and material departments, we must formulate tight procedures for examining and approving projects, funds, and materials, establish the feasible system of making the procedures public, and prevent individuals from abusing power to seek personal gain. In the allocation of funds and materials, we should strive to allocate them to the lower levels in line with state and provincial plans. In addition, we should appropriately strengthen our responsibilities and establish a strict responsibility system in the distribution and utilization of investment. 4) On the problem of stabilizing work in the entire area and conducting experiments in selected units. As far as work in the entire area is concerned, in deepening reform, we should mainly stabilize and improve the reform measures already implemented. But the experiments in the selected units must not be stopped. Comrade Deng

Xiaoping has pointed out: "If we stick to the established rules and copy them mechanically without conducting experiments or attempting to implement new measures, including experiencing setbacks and failures, we will surely be unable to attain our goal." We must further conscientiously grasp the work in the reform experimental areas.

During improvement and rectification, we should unwaveringly expand reform and opening up, try in all possible ways to continuously expand economic and trade relations with Western countries, and strive to bring in more funds and technologies. We should also exert strenuous efforts to open our province to the Soviet Union.

We should persist in and improve the "383 projects," and further attend to the work of controlling commodity prices. This year, we should fully affirm the outstanding achievements which we have made in implementing the "383 projects." At present, our market has changed from panic selling to disposal of goods at reduced prices, which has provided favorable conditions for further control of the commodity prices. However, we must not lower our guard. The pricing situation facing us is still very severe. Therefore, we must persist in and improve the "383 projects," and slightly reduce the price index on the present basis. First, we must properly handle the relations among price control, structural readjustment, and economic development. Second, we must uphold the principle of stabilizing priorities, controlling the overall situation, combining control with readjustment, and conducting strict management. Third, we must grasp the three important links of increasing effective supply, cutting back social demands, and rectifying the circulation order.

### 3. At Present, the Most Important Problem Is Stability

Stability is the highest interest of China and the overriding task at present. After experiencing disturbances and rebellion, the people and the party are eager for stability. Neglecting stability is the manifestation of not being level-headed in politics.

At present, as far as the whole country or our province are concerned, the overall situation is stable in general. But this also requires our long-term painstaking efforts. Economic stability is the foundation for political stability as well as the foundation for social stability. At present, we should consider the stability of the whole society as the target and grasp the following tasks well:

A. We should continue to maintain a stable and united political situation. First, we should unwaveringly uphold the party's basic line. This is the political basis for maintaining unity within the whole party and is where the party's cohesion lies. It is necessary to deeply conduct education throughout the province on the party's basic line, and to oppose the tendencies of negating the four cardinal principles, reform, and opening up. We should consider the four cardinal principles as the basic ideology and should use them to educate cadres and the

masses, adopt a clear-cut stand in opposing bourgeois liberalization, and strive to grasp it with unremitting efforts. Second, we should persist in maintaining unity with the party Central Committee. The party Central Committee, which is a leading collective with Comrade Jiang Zemin as the core is strong and united. Through effective work, it has won the trust and support of the broad masses of cadres and the masses. We should rally closely around this leading collective, implement all policy decisions of the party Central Committee and the State Council to the letter, and consciously safeguard the authority of the party Central Committee. Third, we should wholeheartedly rely on the working class, and consolidate the worker-peasant alliance. Workers (including the intellectuals) and peasants are the basic forces of the socialist modernization drive as well as the basic forces of ensuring social stability. At present, special efforts should be made to attend to the work of stabilizing enterprises and the rural areas. We should pay attention to recruiting party members from workers and peasants, and strengthen the building of grass-roots party organizations in enterprises and in the rural areas. Resolute efforts should be made to protect the legal rights and interests of workers, peasants and other laborers, and the masses. We should strive to reduce the social burden of peasants. Fourth, we should strengthen the building of the socialist democracy and the legal system. Only by establishing stability based on socialist democracy and the legal system can we have real stability. We should actively promote the progress of making scientific and democratic policy decisions, increasingly expand the channels of democracy, and fully display the role of the Chinese People's Political Consultative Conference [CPPCC] committees, democratic parties, and various mass organizations. We should persist in the correct orientation of the political reform system, but the measures must be vigorous and reliable, and the stable political situation should be considered as the premise. It is necessary to strengthen education on the legal system. We should concentrate efforts on holding the "legal system publicity month" activities once every year. At present, attention should be paid to publicizing the "law on assemblies, parades, and demonstrations," and to implementing them conscientiously.

B. We should maintain the continuity and stability of policies. The Fourth and Fifth Plenary Sessions of the 11th CPC Central Committee repeatedly stressed the need to maintain the continuity and stability of the line, principles, and policies as laid down at the Third Plenary Session of the 11th CPC Central Committee. Due to the changing situation, we have essentially readjusted some specific aspects of the policies. Of the readjustment measures, some were taken to strengthen and improve original policies, some interim measures were adopted in line with peculiar circumstances, and some were taken to correct specific practices that were proven wrong through experience. Thus, readjustment does not mean to change the basic line or the basic policy. One of the important reasons why some people have the incorrect concept that the party's policies have changed is that

they take a one-sided approach to the party's policies. A fundamental reason why some comrades are shaky in their awareness of the party's line, principles, and policies as laid down at the Third Plenary Session of the 11th CPC Central Committee is that "leftist" and outdated ideas are doing mischief in their minds. The way to solve these problems is to strengthen propaganda and the study of the party's current policies.

C. We should make efforts to do what the masses expect and resolutely eliminate what the masses deeply hate. Specifically speaking, first, we should be concerned about the weal and woe of the people and positively eliminate the people's ordinary living difficulties and practical problems. We should try every possible means to ensure the supply of daily necessities to the masses, and give timely help to those people whose income is extremely low in order to solve their living difficulties. The contradictions between supply and demand in the urban labor force have become more prominent during the past two years. So, in the near future, we should continue to carry out the principle of responsibility for the management of urban labor forces and persist in the policy that peasants do not change their rural residence registration, though they are working in the urban areas. Enterprises should rely on their forces to utilize surplus personnel after optimizing the labor associations. Any surplus labor force that has been transferred from the enterprises that are closed down, have had operations suspended, been forced to manufacture other products, or merged with other enterprises, should be appropriately utilized. We should extensively open channels and adopt various methods to arrange jobs for unemployed urban people. On the premise of persistently having public ownership play a dominant role, we should continue to positively develop the individual sector of the economy and the private economy with a view to expanding the means for employment. It is necessary to expand the scale of insurance for those people waiting for jobs, to perfect the system of insurance for the unemployed, to achieve the organization and direction of those people waiting for jobs, and to conduct ideological and political work among them. The major measures for improving the economic environment and rectifying the economic order, such as control, guarantee, and readjustment, are related to the readjustment of interests. Thus, the work in this regard should be done meticulously, and the measures should be reliable. We should try every possible means to carry out the work ahead of schedule.

Second, we should strictly punish the corrupt and consolidate the social order. The masses are waiting to see the progress of the struggle against corruption. If corruption is not eliminated, it will be difficult to boost the prestige of the party and to stabilize the overall situation. So, we must overcome the fear of difficulties, continuously implement measures for punishing corruption and strengthening improvement of administrative honesty, persist in and perfect the system of leaders at various levels assuming responsibility for improving the party's

style, and resolutely conduct the struggle against corruption to the end. Based on consolidating and expanding achievements in administrative honesty, next year, we should first and foremost attend to solving the problems of abusing power to extort money from the people, which is what the people hate most. At present, the situation surrounding social order is still severe. We should draw on the experience of implementing the "883" program and pay prominent attention to problems in this regard. We should pay attention to both the special struggle against corruption and the overall improvement of social order. All fronts should make concerted efforts to improve the social order and to carry out the objective responsibility system at each level. While successfully building the contingent of personnel in the circles of public security and legal and political affairs, we should bring into full play the role of mass campaigns organized by public security and legal and political organs. We should also bring into full play the roles of the reformatories and the militia forces and pool the wisdom and effort of the masses in preventing crimes and consolidating public security. During the period of improving the economic environment and rectifying the economic order, we must deal heavy blows to various serious crimes and particularly crimes which directly threaten the people's safety, such as petty thievery, pickpocketing, hold-ups, rapes, and public mishaps caused by gangsters. Group crimes should be punished without fail. We must diminish the arrogance of criminals.

#### **4. Enhance the Political Guarantee for Improving the Economic Environment, Rectifying the Economic Order, and Deepening the Reform Drive**

In order to fulfill the tasks adopted at the Fifth Plenary Session of the 13th CPC Central Committee for improving the environment, rectifying order, and deepening the reform drive, we must study and deal with the issues of how to bring political strong points into play, and how to provide powerful political guarantees for fulfilling these tasks.

A. Efforts should be made to enhance the party's leadership over economic work. This is the most fundamental guarantee for fulfilling the tasks of improving the environment, rectifying order, and deepening the reform drive. Over the past few years, in the course of pushing forward reforms in political systems, we have stated the issue of dealing with the separation of the party and the government, which is aimed mainly at the tendency of the party committee to take charge of everything and at enabling the party committee to free itself from all sorts of chores. We have also tried to upgrade the level of the party Central Committee's leadership, and to concentrate its effort on studying and dealing with problems concerning major policies which concern self-improvement and have a vital bearing on the situation as a whole. The issue is also aimed at enabling the party committee to improve or enhance its leadership. At present, there are some comrades who still yearn for the past practice in which the party committee took charge of everything and interfered excessively in government

affairs. Such problems should be handled in line with the principle of separating party affairs from government work. However, while dealing with the problem of separating party affairs from the government work, some comrades have harbored the following two misunderstandings. 1) They have regarded the issue of separating party affairs from government work as a plan for carrying out the total separation of party and government. They had thought that the party committee could only conduct party building and ideological and political work and that economic construction represents work to be undertaken by the government. 2) They have merged the problem of "paying a great deal of attention to economic construction and less attention to the ideological and political work" into the transfer of the party's working emphasis. It seems that they can deal with the problem of paying less attention to ideological and political work only by lessening the attention paid to economic construction. Such views are one-sided and wrong. During the period of improving the environment and rectifying order, party committees and governments at all levels and the broad masses of cadres at grass-roots levels must clearly discern the following issues. 1) The party's working emphasis must be unshakable. Local party committees must study the important guidelines and policies concerning economic work and carry out their work in the fields of organization, propaganda, united front work, and discipline and inspection firmly in line with the central task of serving the economic construction, and 2) the party's core or leading position must be unshakable. Local party committees at all levels should be the leading core of the localities. Various organizations and departments should consciously rally round the leading core, resolutely implement the decisions and directives issued by the party committee, and absolutely refrain from going their own way. One locality or region can only have one leading core which is the party's leading collective. 3) The party's overall leadership must be unshakable. The party's leadership represents overall leadership and does not cover only some fields or fronts. Local party committees should take the whole situation into account. It is objectively required that we should approach the issues concerning the situation as a whole, which include the important policies and measures for economic construction and the opinions and methods studied or adopted for solving the problems, from the high and unified plane of the party committee. Only by unifying understanding and having the unified understanding become policy decisions can we respectively publicize or implement decisions in line with the work division of the party committee and organize the specific work of fulfilling the tasks covered by the decisions. The leading party groups of governments at all levels will not be abolished. The leading party groups of the People's Congresses, governments, and the CPPCC committees at all levels and various government departments should be responsible to party committees by their own initiative, and should ask for instructions from and report major problems to the party committees. In order to enable party committees to effectively undertake the leading role of economic work



in a complicated situation, members of the leading bodies of party committees, in addition to knowing fairly well their own work, should also understand the basic problems concerning economic work, have a say in the major principles and policies concerning economic work, and increase their proficiency in this aspect of policymaking. In addition, we should strengthen the party committees' study and guidance of economic work principles and policies, and establish the system of urging members of the party committees to study economic problems at regular intervals. The policy research offices of the party committees at all levels should place the work focus on studying major economic policies. The investigation and study of major economic problems involving the overall situation should be jointly conducted by relevant departments of party committees and governments.

B. We should strengthen the building of leading bodies and the ranks of cadres. Over the past few years, we have done much work in line with the party's organization and the principle of making cadres meet the four requirements set for them. We should conscientiously sum up experiences and lessons in organizational work, particularly work concerning cadres, and do a better job in our organizational and cadre work. During improvement and rectification, we should pay attention to three issues. First, on the premise of persisting in making cadres more revolutionary, we should boldly use those people who have both ability and political integrity, can assume control of the situation, are good at handling all sorts of contradictions, and can coordinate the work in all fields. We must not use those people who work irresponsibly at their official posts, even if they have no major demerits. In the course of appraising cadres, we must especially analyze the negative votes and different views, and must not intentionally or unintentionally promote unwholesome trends, such as "it would be better to be a person who watches without doing anything than to be one who actually does it, and to be a person who creates trouble than to be one who watches." The selection of personnel has a vital bearing not only on whether or not we can smoothly overcome the difficulties in our economic life and fulfill the tasks of improvement and rectification but also on the issue of guiding the cadres. We must guide and encourage cadres to make progress vigorously, work boldly, and advance in a pioneering spirit through conducting organizational work and the work concerning cadres. Second, we should uphold the principle of democratic centralism and strictly observe the party's political discipline. At present, we should pay attention to promoting democracy. To control the current complicated situation, it is impossible to rely just on the efforts of the individuals or a certain level of organizations, because they all have the problems of inexperience and inadequate knowledge. So, we must take Comrade Deng Xiaoping's avocation of "two discards" (discarding all grievances and prejudices), and "two broadenings" (broadening the fields of vision and minds) as the motto for leading bodies in their ideological construction. Regardless of what policy decisions we make, we must

promote a democratic work style, be good at extensively listening to opinions from all quarters, and sincerely absorb and take what is right and improve our thinking in policymaking. All major problems must be discussed and decided collectively, because only thus can we avoid detours and mistakes. On the other hand, we must strictly enforce the party's political discipline and oppose decentralism. In implementing the decisions of the fifth plenary session, we must not fall short of the requirements or promises, and we must prevent the practice of each taking what he needs. Still less should we comply in public but oppose in private or act in our own way. In regard to the implementation of the decision, the provincial party committee should be responsible to the central authorities, and the prefectural and city party committees and the party committees and the leading party groups of the departments should be responsible to the provincial party committee. Lower levels must not shift the responsibility onto higher levels and vice versa. Third, we should make efforts to strengthen the unity of leading bodies. At present, the leading bodies of some localities and departments are in a state of flabbiness and weakness or in a state of disunity. We must pay close attention to this. Through specific analysis, there are two different situations. Some leaders, normally with different opinions on work, have accumulated feelings of estrangement due to their failure to seek unity of thinking in a timely manner. Such problems should be eliminated through leading bodies' democratic activities, criticism and self-criticism, and heart-to-heart talks. Other kind of problems are related to ideology and understanding. Some abnormal phenomena have emerged over the past years due to the weakening of the party's ideological construction and the expansion of some people's desire for power and influence. So, we must strictly enforce party discipline and unswervingly wage the struggle against these phenomena. Through normal organizational channels, we should positively encourage leading bodies to reflect their problems, investigate and conclude, as soon as possible, the problems that are reflected by incoming letters, and resolutely handle those whose problems are reported and proven accurate according to party and administrative discipline. Those who use reporting channels to vent personal spite, create confusion, or attain some evil goals should be exposed publicly and handled strictly through investigation. We should explain in a timely manner the reality to those who commit ordinary transgressions or to the organizations where they belong so as to have them derive lessons, eliminate the load on their minds, and bravely do their work. By no means must the normal promotion and use of cadres be affected only by this. Such abnormal phenomena as paying no attention to whether cadres have problems or not, and no attention to the nature and the seriousness of the problems, or trying to make the cadres, who are reported to have problems, feel depressed must never be allowed to occur. Party committees and discipline inspection departments at various levels should be politically concerned about and protect the cadres who are actually engaged in work, although they have shortcomings. Meanwhile, we should

realistically strengthen the construction of grass-roots party organizations and continue to achieve the work of exchanging cadres' experiences. We should keep to the party's main line and strengthen ideological and political work. Through the practice of guiding the people to carry out revolutionary construction, the party created and developed the mass line of "doing everything for the people, relying on the masses to do everything, coming from the masses, and going deep to the masses." This is one of our party's major weapons for surmounting all difficulties.

The turmoil and rebellions that took place at the end of spring and the beginning summer this year reminded us again that narrowing the flesh-and-blood relationship between the ruling party and the people is the foundation for stabilizing the socialist system and the country. If the party and the government fail to enjoy the belief and support of the people, they will not only lose the source of power to overcome difficulties but also actually face life-and-death danger. In every sense, the belief of the people is the basic condition of the party committee as well as the government to effectively carry out the work. However, some comrades lack clear and sufficient understanding of the seriousness of the current relationship between the party and the masses and of the extreme importance of building close ties between the party and the masses. To fulfill the task of improving the economic environment and rectifying economic order, it is imperative to firmly foster the viewpoint of relying on the masses and to kindle the masses' initiative for history. Efforts should be made to fully respect the creativity displayed by enterprises, cadres, and the masses at the grass-roots level in improving the environment, rectifying order, and deepening the reform drive. Efforts should also be made to respect them for being good at summarizing their measures and experiences, which they gained at the grass-roots level. Therefore, we should energetically encourage the practice of investigation and study, go deep into the grass-roots level, and make direct contacts with frontline cadres and the masses to directly listen to their opinions and demands. Efforts should be made to restore or improve the method of establishing grass-roots liaison units for leading cadres to help localities improve their work and to gain first-hand experiences. We should encourage leading cadres to frequently visit these units to analyze the typical cases and summarize their experience. Party and government leading organs at all levels should restore the system of having cadres join in labor and integrate the practice of investigation and study with the participation of labor so as to learn about the situation and to build close affection for the masses simultaneously as well as to avoid formalism. The provincial party committee will formulate specific provisions concerning this system. Leading bodies at all levels should establish or improve the system of directly making contacts with the masses at various social levels, particularly increasing contacts and ideological exchanges with the basic-level masses. Leading bodies at all levels should also pay attention to

bringing into play the role of mass organizations. Provincial leading personnel at provincial, city, prefectural and county levels should go into the masses of poor areas each year and of the enterprises which have encountered difficulties to directly learn about their hardships. We should have such a practice gradually become a system. We should be determined to foster a large number of typical cases with universally guiding significance on various fronts throughout the province and have these typical cases take the lead in propelling the work forward in the whole area. In improving the environment and rectifying order, it is imperative to foster the viewpoint of doing everything for the masses and proceeding from the masses' interest and adequately dealing with the relation between the masses' immediate and long-term interests. We should provide timely help for the pressing needs of the masses in their livelihood. We should not be eager to make perfection still more perfect among the things which are not urgently needed for the people's livelihood and which cannot be done with current financial resources, such as improving the urban transportation. We should make every effort to successfully grasp the things which are in conformity with the masses' long-term interests and with the whole situation in improving the environment and rectifying order, such as readjusting the structure and rendering the reserve strength of economic development. In appraising official accomplishments, we should adopt scientific measures, and by no means should we encourage the practice of taking short-term action at the expense of the people's long-term interests.

In improving the environment and rectifying order, we should earnestly do a good job in carefully conducting the ideological and political work. Efforts should be made to carry out organic integration between the practice of showing concern for or cherishing others with the obligation of educating the people. In conducting the ideological and political work, we must regard the practice of showing concern for or cherishing others as a basic point. We should not only uphold positive education and guidance but also integrate ideological work with activities dealing with various practical difficulties and efforts to achieve healthy development, which is truly attractive and infectious. Fronts in charge of ideological and propaganda work should earnestly analyze and study new situations and problems which may possibly crop up in improving the environment and rectifying order and shift their working emphasis to the activities of arousing the masses to fulfill the tasks of improving the environment and rectifying order. A good job should be done in well organizing the propaganda work and education on the situation. Various fronts and enterprises, by hearing their actual situation in mind, should carry out mass discussion on "what could we do in case the state encounters difficulties" so as to inform the people of the difficulties and to arouse the masses to enhance their confidence in overcoming difficulties and to learn of their hopes for improving the environment and rectifying order. All press units should fully display their role as the mouthpiece of the party government,

and the people and persist mainly in conducting direct propaganda. The exposition and criticism of problems should be conducive to the implementation of the party's advocations and to stabilizing the situation. We must not allow problems cropping up in propaganda work to cause social problems. It is necessary to raise the purposefulness and effectiveness of public opinions and propaganda, and create an environment for mass media which is favorable for the improvement, rectification, and deepening of reform.

D. We should strengthen theoretical study and raise our Marxist theoretical level. At present, we urgently need theoretical guidance in face of the complicated international and domestic situations. As far as the current situation is concerned, to study theory, first of all, we must conscientiously study Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. This theory has been tested through 10 years of reform and opening up and has been recognized and accepted by millions and millions of people. It is a banner guiding us to advance continuously. We should proceed on the basis of grasping the most basic theoretical viewpoints, of deeply understanding the line, principles, and policies defined since the Third Plenary Session of the 11th CPC Central Committee, of studying exceptionally well the theory on the initial stage of socialism, which was systematically expounded at the 13th CPC Congress, of earnestly grasping the four basic conclusions and ten important theoretical viewpoints mentioned in Comrade Jiang Zemin's National Day speech, and of conscientiously understanding the essence of the guidelines of the Fourth and Fifth Plenary Sessions of the 13th CPC Central Committee. In addition, we should combine the study of the basic theories with that of the theory on the initial stage of socialism. We should recognize that, because the time which we wholeheartedly devoted to economic construction was not long after all, we are still far from fully understanding and grasping the laws governing economic construction, particularly the laws governing a planned commodity economy based on public ownership. Therefore, the study of economic theories is a minute lesson for which we must make up. Second, we must do a good job in studying the Marxist philosophy. At present, when we stress the study of philosophy, on the one hand, we must persist in the ideological line of seeking truth from facts and overcome subjectivism, bureaucracy, and blind directions, such as not respecting objective laws. On the other hand, we should grasp the scientific way of thinking, give more attention to dialectics and less to metaphysics, and know how to approach and solve problems with comprehensive and developmental viewpoints. The Standing Committee of the provincial party committee should take the lead in this work. Leading bodies at all levels should devote a certain period of time to studying the important original Marxist philosophical works and to conducting discussions in line with the current practical problems. This will help us deepen and

study understanding of some major problems, particularly problems cropping up in improvement and rectification.

Comrades, the year's end is approaching, and a new year will start very soon. After returning to your own places, all of you should relay and implement the plenary guidelines, proceed from the reality of your own localities, and make good arrangements for next year's work. It is necessary to use the guidance of the Fourth and Fifth Plenary Sessions of the 13th CPC Central Committee to study the thinking of all quarters. We must consider economic reform and social stability as the prerequisite, we must consider the further implementation of improvement, rectification, and deepening of reform as the focus, and we must consider the implementation of the party's line, principles, and policies as the guarantee. We must realistically implement the "decision of the CPC Central Committee on further improving the economic environment, rectifying economic order, and deepening reform," and all tasks mentioned in the provincial party committee's "plans," and lay a solid foundation for a protracted, sustained, steady, and coordinated economic and social development in our province.

#### **Jilin Economized on Energy Resources in 1989**

SK2202050590 Changchun Jilin Provincial Service  
in Mandarin 1030 GMT 15 Feb 90

[Summary] In 1989 Jilin Province made new progress in economizing on energy resources. It saved more than 961,700 tons of standard coal and overfulfilled its annual coal saving plan by 22 percent. Industrial enterprises throughout the province saved more than 10 million tons of water and the province's rate in industrial water utilization reached 66 percent. The province's energy consumption in per 10,000 yuan output value in 1989 showed a 1.88 percent decrease over 1988.

#### **Northwest Region**

#### **Gansu's Industry Develops Stably in 1989**

HK2302040190 Lanzhou GANSU RIB 60  
in Chinese 21 Jan 90 p 1

[Article by correspondent Gao Zhennong (7559 2182 2837): "Gansu's Industry Stably Develops"]

[Text] According to a provincial statistics bureau bulletin, our province's industry has overcome numerous difficulties in the course of economic rectification and shown every sign of being capable of maintaining stable development. In the year 1989, Gansu's total industrial output at and above the township level amounted to 15.953 billion yuan, which represented an increase of 7.32 percent over the previous year, or 101.6 percent of the annual economic plan. Light industry grew by 6.5 percent, heavy industry by 7.7 percent, central enterprises by 4.5 percent, local enterprises by 9.1 percent, industry owned by the whole people by 6.2 percent, and

collective industry by 14.6 percent, of which township-run industries grew by 28.1 percent.

Compared to the previous year, the output of major products increased at varying paces. Of 40 kinds of major products, 36 fulfilled or overfulfilled their annual quotas. Raw materials, such as steel, steel products, 10 kinds of nonferrous metal, soda ash, ethylene, calcium carbide, synthetic ammonia, tires, synthetic rubber, plastics, synthetic fibers, cement, and plate glass, all registered growth rates from three to 30 percent. Major agriculture products, such as chemical fertilizers, diesel oil, and agricultural chemicals, grew by 6, 12.5, and 21.3 percent, respectively. The energy industry exceeded national production targets in an all around way. The output of primary energy, raw coal, and electricity reached an all-time high.

### Ningxia Economy Grows Steadily in 1989

HE, (02/00090) Tinchuan NINGXIA RIBAO  
in Chinese 22 Apr 90 p 1

[Report by Jiang Senlin (5582 2773 7782): "The 1989 Statistics Provided by the Statistical Bureau Show That Ningxia's Economy Steadily Grows in the Course of Economic Rectification"]

[Text] In the past year, our region has conscientiously implemented the principle and policy of the party Central Committee on improving the economic environment, rectifying the economic order, and deepening the reform. Our region has also made great efforts to overcome the difficulties and contradictions that had accumulated over the years in economic life. The national economy has steadily developed in the course of economic rectification. That is a basic assessment made from the region's 1989 economic development data, which the regional statistical bureau released on 18 January.

According to initial statistics, the region's total social output value reached 9.39 billion yuan in 1989, an increase of 6.8 percent over the previous year; the GNP was 5.45 billion yuan, up 9.5 percent from the previous year; and the national income was 4.07 billion yuan, a 7.1 percent increase over the previous year. The economy as a whole is marching toward a predetermined target. However, due to the numerous problems accumulated over the years, plus the emergence of some new difficulties in the wake of economic rectification, the future task of economic rectification in our region is still very arduous.

### Another Bumper Grain Harvest, All Around Development in All Traces

In 1989, relevant departments at all levels in our region energetically raised money, increased agricultural input in many ways, improved the agricultural environment, and instituted a scientific and technological contract system, thus stimulating the all around development of agricultural production. The total grain output reached

1.765 million kg, an increase of 7.3 percent over the previous year. Given the reduced acreage, the total output of oil-bearing crops still rose by 14.2 percent over the previous year, which represents the third high-yield year in history. Except for beans, the output of which dropped slightly compared with the previous year, the output of other cash crops, such as vegetables, melons and other fruits, the fruit of Chinese withberry, and red and black melon seeds, registered increases in varying degrees over the previous year. Animal husbandry and fisheries steadily grew. The total output of pork, beef, and mutton rose by 16.8 percent over the previous year, and the output of aquatic products reached 5,212.3 tons for the first time, representing a net increase of 2,007 tons. The production and supply of such animal by-products as fresh eggs and milk were religiously stable. The all around, stable development of agricultural production has effectively eased the contradiction caused by imbalances in our region's total amounts, and improved and enriched the supply of farm and sideline products on the market. This has played a positive role in stabilizing the economy.

### Steady Growth of Industrial Production in the Course of Rectification

The region's total industrial output at the township level and above was 3,745 million yuan in 1989, an increase of 16.5 percent over the previous year, overfulfilling the plan by eight percent. The industrial production as a whole was characterized by steady growth.

- There was a rapid speed and stable quarterly growth. Compared with the same periods of the previous year, the growth in four quarters exceeded 14 percent, and the average growth for the whole year was only 0.5 percentage point lower than for the previous year.
- The output value of heavy industry still grew faster than that of light industry, reaching 5.7 percentage point.
- The leading role of industry owned by the whole people was brought into better play. Compared with the previous year, the output value of industry owned by the whole people rose by 16.1 percent, an increase of 0.2 percentage point in terms of growth rate; the collective industry still grew by 18.1 percent, but its growth rate dropped by 8.4 percent over the previous year. The output value of township-run industries dropped by 24.7 percent.
- There was a considerable increase in the output of readily marketable products. The output of chemicals, fiber, sugar, and cigarettes rose by over 32 percent, that of bearings and white wine by over 51.6 percent, and that of aluminum, coke, electricity, calcium carbide, cloth, and Vermilion by between 5.7 and 24.9 percent. The output of chemical fertilizer, however, rose by 119.5 percent.
- The economic results improved to some extent. The sales income of local budgetary industrial enterprises increased by 12.2 percent over the previous year, and the realized profits and taxes by 1.7 percent. However,



affected by various factors, the loss incurred by loss-making enterprises increased, the cost of comparable products rose, and the profit and tax rate based on output value, as well as the sales profit rate, dropped.

**Satisfactory Fulfillment of Transport and Communications Tasks, Substantial Drop in Import and Export Trade**

In 1989 the transport and communications departments in the region achieved good successes by overcoming difficulties, tapping internal potential, and improving operations and management. The volume of goods transported over the year was 37.4 million tons, up by 1.6 percent over the previous year. Of this, rail transport rose by 4.2 percent, and highway transport dropped by one percent. The rotation volume of freight transport rose by 9.8 percent. Of this, rail transport rose by 11.3 percent, and highway transport by four percent. The region's total value of import and export trade dropped by 26.3 percent over the previous year, with import and export registering a reduction of 45.4 percent and 25.9 percent, respectively.

**Investment Scale in Fixed Assets Is Reduced, Financial Revenue Registers a Substantial Increase, and the Gap Between Receipts and Expenditures Narrows**

The region's completed investment in fixed assets dropped by 134 million yuan in 1989 over the previous year, accounting for an actual reduction of 6.9 percent. Of this, local investment actually dropped by 9.0 percent. In capital construction by the whole people, technical renovation and transformation, and other investments, the volume of local investment dropped to some extent over the previous year. The investments completed by units under collective ownership dropped by 45.6 percent, while private investments rose by 7.1 percent over the previous year.

According to initial statistics, the region's local financial revenue rose by 23.4 percent last year over the previous year, accounting for 111.1 percent of the annual budget. The local financial expenses rose by 4.95 percent over the previous year, accounting for 89.2 percent of the annual readjusted budget. Of this, the expenses for the support of agriculture rose by 6.5 percent. The gap between financial receipts and expenditures for the whole year dropped from 875 million yuan in the previous year to 838 million yuan.

**Market Prices Drop Slightly Despite a Generally Firm Note, the Relationship Between Supply and Demand Gradually Improves, the Credit Scale Is Initially Controlled, and the Money Withdrawn Increases**

Compared with the previous year, the region's 1989 total retail sales grew by 6.1 percent. Of this, the sales to residents rose by 3.9 percent and to institutions by 1.5 percent. In terms of the growth rate, this represents a drop over the previous year and, if price increases are factored in, registers minus growth. The sales volume of most consumer goods dropped in varying degrees and,

following the improvement and rectification in the circulation fields, the relationship between supply and demand gradually improved, the market gradually stabilized and switched to slow growth, and there was a partial slump in market sales.

By the end of last year, the region's bank deposits rose by 19.0 percent over the previous year, and various credits rose by 17.7 percent. The credit growth was slower by 1.3 percentage point than the deposit growth. The cash issued by banks dropped by 42.0 percent over the previous year.

**Price Rises Tend To Slow Down Month by Month, and the People's Livelihood Improves to Some Extent**

Through economic rectification, the rise of retail prices slowed down month by month. In the second half of last year, in particular, the fall markedly accelerated, with price rises dropping by 20.1 percentage point in the fourth quarter over the first quarter, or an average of about 118 percent for the whole year.

Last year, the per-capita monthly wage of workers throughout the region rose by 182 yuan over the previous year. According to a sample survey, the peasants' per-capita net income increased by 58 yuan in 1989 over the previous year and the per-capita living expenditure income of urban residents rose by 12.7 percent over the previous year. The deposits of urban and rural people rose by 32.0 percent over the previous year, and there was further improvement in their livelihood.

**Light Industry Flourishes in Xinjiang**

QWUJHJ1017W Beijing XINHUA in English  
0916 GMT 2 Mar 90

[Text] Urumqi, March 2 (XINHUA)—Residents of northwest China's Xinjiang Uygur Autonomous Region, who used to import 200 daily-use industrial products from the rest of the country, can now enjoy a wide variety of locally made goods.

The region now has 1,050 light industrial enterprises with a total annual output of two billion yuan. Half of the region's daily necessities are provided by these factories.

Experts attribute this achievement to the state's preferential policies as well as the introduction of reform and opening to the outside world.

So far, the region has imported 63 items of foreign technology and equipment, covering the production of tomato ketchup, natural soft drinks, clothing, plastics, and color developing and printing facilities. Xinjiang is now the country's largest exporter of tomato ketchup. Tomatoes produced here are more nutritious than in other areas because of long periods of sunshine and wide differences in temperature between day and night.

There are now more than 20 factories making tomato ketchup in the region. Last year 7,900 tons of it was sold abroad.

**Nation's Main Gold Producing Base in Xinjiang**

090403/15490 Beijing XINHUA in English  
1428 GMT 3 Mar 90

[Text] Urumqi, March 3 (XINHUA)—The gold output of northwest China's Xinjiang Uygur Autonomous Region increased 29.8 percent last year.

The region has risen from being the penultimate gold producer ten years ago to become the country's tenth largest gold producer.

There are many large gold mines in the region's Kunlun, Tianshan and Altay Mountain Ranges.

Investment in the gold industry last year equaled the total investment from 1981 to 1988.

Xinjiang Autonomous Region will become one of the country's main gold production centers during the Eighth Five-Year State Plan (1991-1995). The region's output is expected to double.

# **Trade With European Economic Community Increases**

OW0503125390 Taipei CNA in English 1338 GMT  
4 Mar 90

[Text] Brussels, March 3 (CNA)—Bilateral trade between the Republic of China (ROC) and the 12-nation European Economic Community (EEC) in the first eight months of 1989 increased 11.6 percent to 9.46 billion ECU (11.26 billion U.S. dollars) compared with the same period of 1988, thus jumping over Hong Kong to become the leading trade partner of the EEC among the four newly-industrialized countries (NICS) in Asia, according to EEC official statistics released here Saturday.

The statistics reported that the EEC imported 6.14 billion ECU (7.31 billion U.S. dollars) worth of goods from the ROC in the first eight months in 1989, up 22.6 percent over 1988.

The EEC's exports to the ROC downed four percent from 1988 to 3.32 billion ECU (3.95 billion U.S. dollars).

They said that the ROC-EEC two-way trade topped the other NICS in the period, or 500 million ECU more than Hong Kong's 8.96 ECU billion (10.66 billion U.S. dollars).

In the whole year of 1988, Hong Kong led the other NICS in trade with the EEC to 13.99 billion ECU (16.65 billion U.S. dollars), followed by ROC's 12.69 billion ECU (15.10 billion U.S. dollars), South Korea's 12 billion ECU and Singapore's 8.8 billion ECU, the statistics said.

It was expected that the 12 EEC nations would increase 2.1 percent imports from Asian NICS in Jan-Nov 1989 from the same period of 1988 and boost 20.7 percent of exports to the four Asian Little Dragons, resulting therefore in a 3.8 billion ECU (4.52 billion U.S. dollars) deficit in favor of NICS, they said.

# **Exports Supplied To Canada Increased in 1989**

OW0203130790 Taipei CNA in English 1038 GMT  
1 Mar 90

[Text] Ottawa, Feb. 28 (CNA)—The Republic of China (ROC) was Canada's seventh largest trade partner in 1989, one notch up from 1988.

Figures released by statistics show that the two-way trade totalled 3,233 million Canadian dollars (2.7 billion U.S.) in 1989, placing the ROC seventh in overall trade standing, after the United States, Japan, Britain, West Germany, South Korea and France.

The ROC's exports to Canada increased 4.1 percent to 2,351-million Canadian dollars (2 billion U.S.) in 1989, while imports from Canada declined 8.8 per cent to 882 million (738 million U.S.).

The net growth in two-way trade was only one quarter of a percentage point, or 8.1 million Canadian dollars (6.8 million U.S.).

Due to the decline of Canada's exports, the trade gap widened to 1,375 million Canadian dollars (1.1 billion U.S.), a 6.6 percent increase over 1988.

The ROC was Canada's sixth largest supplier of goods, and its 13th largest buyer in 1989, according to the Federal Statistics Agency.

# **Central Bank Reports Capital Exports**

OW0503054390 Taipei CNA in English 0256 GMT  
5 Mar 90

[Text] Taipei, March 5 (CNA)—Increased outward investments by local enterprises have made the Republic of China Asia's second largest capital exporting country, next only to Japan.

According to Central Bank of China statistics, in 1989 the net capital outflow of non-financial institutes totaled 8.25 billion U.S. dollars. Of which, 7.43 billion U.S. dollars were on long-term basis.

Until 1984, the nation's economic development relied heavily on the inflow of long-term capital. The change indicates that the nation's economic structure has changed.

## Hong Kong

### U.S. Economic Cooperation Committee Meeting Set

OW1901153590 Beijing XINHUA in English  
1511 GMT 19 Jan 90

[Text] Hong Kong, January 19 (XINHUA)—The fifth joint plenary session of the Hong Kong-U.S. and U.S.-Hong Kong Economic Cooperation Committees has decided to hold the sixth plenary session in New York in 1991.

The committees were formed in 1984 with main objectives put on strengthening the economic and trade relationship between Hong Kong and the United States.

After their half-day session held here Thursday, a joint communique issued by the committees said members of the two committees exchanged views on a number of major economic issues concerning Hong Kong and the U.S. and discussed current developments in Hong Kong, as well as the bilateral trade.

It said the two committees also exchanged views on the effects of GATT (General Agreement on Tariffs and Trade) multilateral negotiations, the European single-market and the developments in Eastern Europe on Hong Kong.

The U.S. committee briefed Hong Kong members on the current U.S. economic situation and opportunities for Hong Kong in market developments.

They reaffirmed their confidence in Hong Kong's ability to retain its role as a major financial, trading and manufacturing center in South East Asia.

The two committees also agreed that "Hong Kong's role as the gateway to China for the U.S. has not changed."

The latest statistics provided by the Hong Kong Trade Development Council show that in the first 11 months of 1989, the value of total trade between Hong Kong and the U.S. amounted to 174,576 million H.K. dollars (22,382 million U.S. dollars), up 18 percent over the corresponding period of 1988.

Hong Kong's domestic export to the U.S. in value terms was 65,947 million H.K. dollars (8,455 million U.S. dollars) which remained unchanged as compared with the figure of 1988.

Its re-exports to the U.S. rose by 48 percent to 65,990 million H.K. dollars (8,460 million U.S. dollars) while its imports from the U.S. increased by 13 percent to 42,639 million H.K. dollars (5,467 million U.S. dollars).

### PRC Co-Hosts Nonferrous Metals Trade Fair

OW1902230890 Beijing XINHUA in English  
1542 GMT 19 Feb 90

[Text] Hong Kong, February 19 (XINHUA)—A key nonferrous metals trade fair of the Chinese mainland opened at the Hong Kong exhibition center here today.

The exhibition, to be open until February 20, is the sixth annual event sponsored chiefly by the China National Nonferrous Metals Import and Export Corporation (CNIEC), cosponsors include the Oriental Metals (Holdings) Company Ltd. and Da Hua Nonferrous Metals Company Ltd. in Hong Kong.

It is learned that the session in February last year, proved to be the most successful with its business volume valued at a total of 110 million U.S. dollars.

CNIEC was founded in 1984 and has now developed into one of the ten biggest specialized national trade corporations in China. Its annual import and export volume has outnumbered one billion U.S. dollars, of which Hong Kong and Macao regions take up 20 percent.

China's import market of nonferrous metals products include Australia, Latin America and Africa and its export market are mainly North America, Europe and Japan. Hong Kong, however, serves as a major marketing place. [punctuation as received]

### PRC Displays Exhibit at Tourism Exposition

OW1502214690 Beijing XINHUA in English  
1514 GMT 15 Feb 90

[Text] Hong Kong, February 15 (XINHUA)—The fourth annual international tourism exposition of Asia, the largest of its kind in Hong Kong since 1986, opened at the convention and exhibition center here today.

Exhibitors from a record number of 50 countries and regions participated in the exposition. Newcomers include Czechoslovakia, Yugoslavia, Hungary, the Soviet Union and Poland.

The United States and China are this year's biggest exhibitors followed by Hong Kong, Canada, Italy, the Federal Republic of Germany, Scandinavia, Indonesia, South Korea and Spain.

The National Tourism Administration of China leads a delegation of 67 people from 27 units to take part in the exposition.

From 1978 to 1988, tourist arrivals to the Chinese mainland increased up to 16.3 percent annually and foreign currency earnings reached 1.16 billion U.S. dollars cumulatively.



The Hong Kong pavilion which houses local exhibitors such as airlines, hotels, travel agents, transport companies and tourist attractions is expected to attract world-wide attention as a unique tourist destination.

The latest technology is on show with the focus centered on the computer reservation systems, the most important development in the travel industry for many years.

Tunku Iskandar, president of the [word indistinct] Travel association, spoke at the opening ceremony with confidence on the future of Asia as a center for the travel and tourist industry.

**Report on Sustained Economic Growth in 1980's**

OW 250208Z690 Beijing XINHUA in English  
0655 GMT 25 Feb 90

[Text] Hong Kong, February 25 (XINHUA)—Hong Kong's economy had enjoyed growth averaging nine percent per annum in real terms over the four years to 1989, according to Secretary for the Treasury of the Hong Kong Government Lamish Macleod.

This had resulted in a per capita gross domestic product of around 11,000 U.S. dollars in 1989, third after Japan and Brunei in this region, he said at a Pacific basin meeting here Saturday.

Macleod said, however, that in common with other economies Hong Kong is experiencing a slowing down in economic growth.

"We are also suffering from a very tight labor market, and inflation at around 10 percent," he added.

He said there had been major new investments in Hong Kong in the last nine months, including 700 million U.S. dollars for a cable TV network and 1.35 billion U.S. dollars raised for new container terminals.

Spending on the major infrastructural developments will dominate much of the government's financial planning over this decade, he said.

Macleod said Hong Kong was very aware of the need to remain a welcoming and profitable place for overseas businessmen.

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**DATE FILMED**

28 March 1990

